EMPLOYMENT AND TRAINING POLICY, 1982

JOINT HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT
AND PRODUCTIVITY

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

AND THE

SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

EXAMINATION OF THE JOB TRAINING PROGRAM

MARCH 17 AND 18, 1982

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EMPLOYMENT AND TRAINING POLICY, 1982

WEDNESDAY, MARCH 17, 1982

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON EMLOYMENT OPPORTUNITIES, COMMITTEE ON EDUCATION AND LABOR, AND U.S. SENATE, SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY, COMMITTEE ON LABOR AND HUMAN RESOURCES

Washington, D.C.

The subcommittees met, pursuant to call, at 9 a.m., in room 2175, Rayburn House Office Building, Representative Augustus F. Hawkins (chairman of the Subcommittee on Employment Opportunities) presiding.

Present: Representatives Hawkins, Weiss, Perkins, Fenwick, Jeffords, Petri, DeNardis; and Senators Quayle and Kennedy.

Representative HAWKINS. The joint hearings on employment and training bills are continued. The first panel of witnesses will consist of Mr. Bob McGlotten, associate director of the Department of Legislation, AFL-CIO; Mr. Sheldon Friedman, director, United Auto Workers; Mr. William Lucy, secretary-treasurer of the American Federation of State, County, and Municipal Employees; Mr. Richard Cordtz, international secretary-treasurer, Service Employees International Union; Mr. Reese Hammond, substituting for Mr. J. C. Turner of the International Union of Operating Engineers; and Mr. Henry Nicholas, president of National Union of Hospital and Health Care Employees.

I understand that Mr. Markley Roberts is testifying in place of Mr. Bob McGlotten. We welcome all of you to the joint hearings this mornng and we will call on you in the order in which you have been scheduled, beginning with Mr. Markley Roberts.

In order to expedite these joint hearings, we will attempt to limit the witnesses to 5 minutes of oral testimony. A warning signal will be given at the end of 4 minutes, and at the end of 5 minutes a red light will flash and we hope that all of the witnesses will conform to the schedule. We have about 32 witnesses today and if everyone is going to have an opportunity to be heard and to be questioned, it is going to be necessary to stick to this procedure and I hope that the Chair or any of the members of the committee will not be criticized for imposing this strict rule. It certainly is not intended against any particular witness and we certainly appreciate the fact that many of you have taken the time to be witnesses before the committee. In order to accommodate as many as possible, it has been necessary to do this. Over 200 individuals have been turned away, so those of you who do testify today are in a very select group. And on that basis we hope that you will cooperate with us.

Mr. Roberts, you may proceed.

STATEMENTS OF MARKLEY ROBERTS, ECONOMIST, AFL-CIO; SHELDON FRIEDMAN, RESEARCH DIRECTOR, UNITED AUTO WORKERS, WASHINGTON, D.C.; WILLIAM LUCY, SECRETARY-TREASURER, AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, WASHINGTON, D.C.; RICHARD CORDTZ, INTERNATIONAL SECRETARY-TREASURER, SERVICE EMPLOYEES INTERNATIONAL UNION, WASHINGTON, D.C.; REESE HAMMOND, DIRECTOR OF EDUCATION AND TRAINING, INTERNATIONAL UNION OF OPERATING ENGINEERS, WASHINGTON, D.C.; AND HENRY NICHOLAS, PRESIDENT, NATIONAL UNION OF HOSPITAL AND HEALTH CARE EMPLOYEES, NEW YORK, N.Y.

Mr. ROBERTS. Thank you very much, Mr. Chairman. Mr. McGlotten has been unavoidably detained. We appreciate this opportunity to present the views of the AFL-CIO and we appreciate this opportunity for the labor union representatives to come here and give you our perspective on this very important legislation that you are looking at.

We have this very hefty piece of testimony which will go into the record with your approval.

Representative HAWKINS. Mr. Roberts, all the statements—and this applies to all of the other witnesses—will be entered in the record in their entirety.

Mr. ROBERTS. Thank you.

There are some key points we would like to indicate right at the outset. First, is that the basic foundation for an effective national employment and training policy must be full employment. Jobs for all Americans able, willing and seeking work are the key to a healthy economy and a healthy society. At a time of increasing unemployment, deepening recession and rapid technological change, programs to train the jobless and disadvantaged are essential to economic growth and to social progress.

Second, the Federal Government has a responsibility to promote full employment; a responsibility that is spelled out in the Humphrey-Hawkins' Full Employment and Balanced Growth Act of 1978. We need to have a combination of general economic policies, fiscal monetary trade and employment and training. And we also need to have targeted specific employment and training programs with direct job creation and a range of job preparation, job placement programs.

All these are necessary to get on the road to full employment.

Third, a major point we want to make here is that labor representation and labor participation are essential in planning and implementing employment training programs in the private as well as in the public sector and at the national, State and local levels of operation in order for these programs to be responsive to overall needs and aspirations of workers. Labor, government and business must be equal partners if these programs are going to be effective.

We also want to see full opportunity given to labor-sponsored programs of demonstrated effectiveness and we want to see support for the national programs that have demonstrated effectiveness in the past.

Fourth, a major point we want to get across is that labor standards and labor protections currently incorporated in employment and training programs should be continued and maintained. We insist on fair and decent wages and working conditions in all employment and training programs in both the private and the public sectors.

With these general points in mind, let me go to some further background. Many studies have shown that CETA has been effective in placing disadvantaged workers in jobs and increasing their earnings. The cost of these training programs have been paid many times over. So what we are saying is that it is important that any new legislative proposal will not dismantle the present CETA system but rather build upon it. Build upon its many proven and successful approaches. And we say that CETA, for all its problems and for all its faults, has been a success. The record is certainly clear on this. In spite of the frequent legislative and administrative changes which have made effective administration difficult, CETA has done well in providing training and jobs. We are willing to admit that CETA is not perfect, that the system can be improved, but we hope that Congress will not throw out the baby with the bath water.

We need to have targeted employment and training programs and we want to see training programs aimed at specific skill shortages to meet specific public and private needs to expand the Nation's productive potential. Whether it is problems to address structural unemployment needs or cyclical problems, we think it is necessary for both of these aspects and both are consistent with the mandage of the Humphrey-Hawkins' Full Employment Act.

Now, we are concerned about plant closings, mass layoffs, dislocated workers and displaced workers. We are continuing our efforts to get plant closing legislation enacted but we do strongly urge specific aid for displaced workers in any new employment and training legislation. Likewise we are concerned about the need for young people, both in and out of school, to have work experience and exposure to careers as training that will lead to a lifetime of productive work.

We are concerned about how these are translated into workable programs that are effective in helping the young people and do not create other problems in the process.

We are concerned about meeting the needs of disadvantaged workers with the proper counseling, training and job placement. It is clear to us that this means that stipends or training allowances must be included. Without stipends or such training allowances, most needy individuals simply cannot afford to enter the training programs.

Experience has shown and the testimony of many business groups has shown that the private business sector does not want, nor can it be expected to take over total responsibility for employment and training programs. Whether in these so-called PIC's, private industry councils, or labor market boards, they should not be dominated by a single interest; certainly they should not be dominated entirely by business. They must equitably reflect the concerns of business, labor and the community. And this means that local needs must be accommodated by programs that are developed and administered by local officials in conformity with Federal standards and policies.

Representative **HAWKINS**. Mr. Roberts, sorry, but your time has expired. Thank you.

[The prepared statement of the AFL-CIO as presented by Mr. McGlotten follows:]

STATEMENT BY ROBERT McGLOTTEN, ASSOCIATE DIRECTOR, DEPARTMENT OF LEGISLATION, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, AT JOINT HEARINGS OF THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY AND THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES ON BILLS RELATING TO EMPLOYMENT AND TRAINING

March 17, 1982

Mr. Chairman, my name is Robert McGlotten. I am Associate Director of the Department of Legislation of the AFL-CIO. We appreciate this opportunity to present the views and concerns of the AFL-CIO in regard to employment and training issues.

Before I begin my testimony, let me submit for the record the AFL-CIO Executive Council statement on employment and training issued at its recent February meeting. This statement demonstrates the importance placed by the AFL-CIO upon employment and training as one of the nation's most pressing domestic and economic priorities.

The latest official report on unemployment tells us there are 9.6 million jobless workers or 8.8 percent of the work force. The AFL-CIO estimates that including discouraged workers who have stopped looking for non-existent jobs and part-time workers who want full-time jobs, a more accurate count of unemployment would total 13.7 million or 12.4 percent of the work force.

Although we may disagree on many points, we commend the members of Congress whose commitments to meeting the needs of our nation's unemployed are reflected in the various legislative proposals before us today. We hope that these hearings will lay the foundation for constructive action by Congress on vital jobs and training programs.

There are four key points I want to emphasize at the outset.

1. The basic foundation for an effective and comprehensive national employment and training policy should be the goal of attaining and sustaining full employment. Jobs for all Americans able, willing, and seeking work are the key to

a healthy economy and a healthy society. At a time of increasing unemployment, deepening recession, and rapid technological change, programs to train the jobless and disadvantaged are essential to economic growth, and to social progress.

2. The federal government has a responsibility to promote full employment — a responsibility spelled out in the Employment Act of 1946 and restated even stronger in the Humphrey-Hawkins Full Employment and Balanced Economic Growth Act of 1978. General economic policies, including fiscal, monetary, and trade policies, should promote full employment. Likewise, direct, specific, targeted employment and training programs, including direct job-creation and a range of job-preparation, job-placement and job-training programs, are necessary federal undertakings to achieve full employment.

3. Labor representation and labor participation are essential in planning and implementing employment and training programs in the private, as well as the public sector and at the national, state, and local level of operations in order for those programs to be responsive to the overall needs and aspirations of workers.

Labor, government, and business must work as equal partners if programs are to be effective in providing quality training which leads to well-paying, permanent jobs.

National employment and training policy should assure continued support for many labor-sponsored programs of demonstrated effectiveness, including the AFL-CIO's Human Resources Development Institute, Apprenticeship Outreach, and other union-sponsored on-the-job training and upgrading programs, as well as continued support for national programs such as those of the Recruitment and Training Program, the Urban League, The Opportunities Industrialization Centers.

4. Labor standards and labor protections currently incorporated in employment and training programs should be continued and maintained.

We insist on fair and decent wages and working conditions in all employment and training programs in both the private and the public sectors. Participants in these programs deserve benefits and rates of pay which are consistent with similar jobs in the local community and certainly not less than the federal minimum wage.

The wages and working conditions for people in these employment and training programs must not undermine or destroy established wages, working conditions and job opportunities for other workers in regular employment.

Employment and training programs should not be used to subsidize low-wage, substandard employers, to subsidize high labor turnover or jobs which do not require training, or to aid runaway industries. And these programs should certainly not be a substitute for activities that employers normally perform. Workfare, for example, should not be a mechanism to provide cheap labor to public employers. The best approach to reducing welfare payments is to provide training and supportive services to public assistance recipients in order that they can secure permanent jobs.

With these four general points in mind, I would like to discuss some specific points which we believe must be an integral part of any employment and training system.

At the outset let me remind you that for 20 years, under the Manpower Development and Training Act of 1962 and under the Comprehensive Employment and Training Act, millions of Americans have received training and jobs. Many studies have shown that CETA has been effective placing the disadvantaged in jobs and increasing their overall earnings. The costs of these training programs have been repaid to the nation in the new skills, higher wages and subsequent taxes paid by these participants. Therefore, it is important that any new legislative proposal not seek to dismantle the present CETA system but rather build upon its many proven and successful approaches.

And CETA for all its problems and faults has been a success. In spite of frequent legislative and administrative changes which make effective administration difficult, CETA has done well in providing training and jobs. We are willing to admit that CETA is not perfect, but we hope that Congress will not throw out the baby with the bath-water.

Like the current CETA system, employment and training programs need to be targeted to specific groups of unemployed and disadvantaged workers, including youth and adults. In addition to serving those in need, any new program must also be targeted to meet specific skill shortages and to meet specific public and private targets for expansion of this nation's productive potential. Studies by the Congressional Budget Office show that targeted jobs programs are two to four times more effective in creating jobs than our generalized tax cuts. The AFL-CIO firmly believes that countercyclical jobs programs, including public works programs and public service employment, must continue to be an important element of our nation's employment and training policy. This is consistent with the mandate of the Employment Act of 1946 and the Humphrey-Hawkins Full Employment Act of 1978. We must not leave the nation's unemployed workers on the economic scrap heap.

Plant closings and mass layoffs, always a threat, are taking an increasing toll on workers and local communities as the recession worsens and imports continue to eat at the nation's industrial base. The AFL-CIO continues to press for action on plant closing legislation and we strongly urge specific aid for displaced workers in any new employment and training legislation.

Men and women forced into unemployment by plant closings and by major layoffs and by the impact of imported goods must be given the financial assistance and training necessary to enable them to secure new jobs. Likewise, men and women whose skills are outdated or who are in dead-end jobs must have the opportunity for skill upgrading and retraining.

Young people, both in and out of school, must have the opportunity to gain work experience and exposure to careers, as well as training that will lead to a lifetime of productive work.

Disadvantaged individuals who have had little labor market experience must be given the proper counseling, training, and job placement assistance enabling them to secure and retain permanent jobs. I need not remind you that such training assistance does not come cheap. Congress should not create a system that is structured to produce low-wage, low-quality placements. Congress should create a system that enables all participants to achieve their fullest potential through intensive, long-term training leading to well-paying, permanent jobs. Such a system must stress skill training on the job. It must also provide wages or adequate stipends to provide participants needed income so that they may complete their training. Without stipends or allowances, the most needy individuals simply cannot afford to enter or to finish a training program.

The private sector (both labor and business) must work as equal partners with the public sector if programs are to work. Neither sector can operate programs independently.

Experience as well as the testimony of many business groups have shown that the private business sector does not want nor can it be expected to take over total responsibility for employment and training programs.

Mechanisms for private sector involvement, whether they be called PICs or labor market boards, cannot be dominated by a single interest, but must equitably reflect the concerns of business, labor, and the community. As the CETA program has shown, local needs are accommodated most successfully by programs that are developed and administered by local officials in conformance with federal standards and policies. This is not to deny that the states have an important role. Coordination in the areas of economic development, technical assistance, and related education and welfare programs are certainly within the purview of state government. So are needs which transcend local boundaries or are so large that they cannot be met with local resources alone.

Similarly, the federal government has responsibilities which must be recognized in any new legislation. Its foremost responsibility is to provide adequate, stable, multi-year funding in order that programs may plan and operate efficiently and effectively. Secondly, the federal government has a responsibility to set standards and policies which assure that programs provide quality services to those most in need, perform effectively and are accountable for the tax dollars expended. Thirdly, the federal government has a responsibility to fund programs which meet national needs, including programs sponsored by labor organizations including HRDI and national CBOs.

We have included in Attachment #2 specific and detailed analysis of the four legislative proposals before your Subcommittees. Unfortunately, only two of the bills provide for job creation, including public service jobs. If the private sector cannot provide enough jobs, the government must be the employer of last resort. This is the mandate of the Humphrey-Hawkins Act. Also, none of these bills contain specific authority for training allowances or training stipends which we consider essential if training programs are to serve those who most need these programs. Let me summarize our reaction to these various bills:

1. H.R. 5320, the "Community Partnership for Employment and Training Act" introduced by Congressman Hawkins contains many of the elements of importance to organized labor. They include close alignment with existing delivery systems, targeted programs for disadvantaged and displaced workers, and labor standards relating to wages and working conditions. Although we have very serious concerns regarding wage subsidies for youth and very serious concerns regarding business-domination of Private Industry Councils, we believe the Hawkins bill offers the best starting point for building sound legislation which should include authority for public service employment and stipends for trainees.

2. We commend Senator Quayle and Senator Kennedy for their bipartisan approach in S. 2036. However, we believe their proposed "Training for Jobs Act" vests excessive authority in the business-dominated Private Industry Councils and the State Governors. We appreciate the attempt in this bill to address the needs of displaced workers as well as disadvantaged workers and special programs. The lack of comprehensive labor standards and authorization for wage subsidies to private employers, however, are major concerns which we hope to see resolved in the final legislation.

3. In H.R. 5461, Congressman Jeffords has also produced a bill of considerable scope and specificity. While in some cases the specificity of the "Productivity and Human Investment Act" demonstrates a commitment to quality programs targeted to identified needs, particularly youth, we are concerned about the lack of effective labor standards as well as a clear role for organized labor in the planning and implementation of programs. The potential consolidation of State Apprenticeship Councils with labor market investment boards is also a major concern.

4. The Administration's proposal, the Job Training Act of 1982, is the only bill which provides for substantially less than is currently provided. All of the previously mentioned bills provide for funding at or beyond the current levels of funding for CETA. The This aspect alone makes the Administration's proposal totally unacceptable. But even more serious is the fact that the Administration's proposal is a clear attempt to dismantle employment and training programs while unemployment is rising to record levels.

In addition to inadequate funding, the Administration proposal turns program control over to State Governors and business-dominated training councils. Its emphasis is not on quality training, but on reductions in welfare rolls. The Administration's "Job Training Act" is a misnomer. It offers little in the way of quality training to the two target groups it claims to serve, welfare recipients and youths from low-income families, and almost nothing to in-school youth and disadvantaged adults. Few labor standards are present in this bill and it contains even fewer opportunities for labor participation in programs.

As you can see, we clearly favor those proposals which (1) build upon the proven successes of the current system; (2) provide labor with a strong voice in the planning and implementation of programs; (3) establish meaningful labor standards which protect participants as well as regular workers; and, (4) assure adequate funding for programs.

There has been mounting criticism of the payment of allowances and stipends to CETA participants while they are enrolled in training. While we recognize in some cases the allowance payments system could be modified, we consider efforts to eliminate stipends in order to reduce costs to be a false economy.

Stipends and allowances are usually given to participants in classroom training, remedial education, and vocational exploration programs. These training activities are vital parts of any comprehensive employment and training program. Eliminating stipends will undoubtedly reduce the flexibility of local program administrators to include such activities in their local operations.

By their very nature, these programs are targeted to the economically disadvantaged — those who have little or no means of financial support. If training stipends are not provided to these individuals, only those receiving public assistance or having other outside income will be able to enroll in programs. We do not think it is sound policy to force someone to go on welfare in order to receive training. Furthermore, without training stipends, many trainees will drop out of training programs before completion, thus, in effect causing a waste of funds invested in training.

Let me note here that the AFL-CIO has long urged amendments and reforms in The Employment Service system set up under the Wagner-Peyser Act. However, we have very strong objections to changes which would wipe out the existing system without setting up anything as good or better in its place.

If it appears that all these elements I have discussed cannot be incorporated into a final legislative proposal due to time constraints or other factors, it may be appropriate to consider deferring action on new reauthorization legislation. A simple extension of the current system for a year or two would allow more time for analysis and an opportunity for incremental improvement in areas where problems arise.

Mr. Chairman, I turn now to discussion of specific proposals pending before these Subcommittees.

H.R. 5320, The Hawkins Bill

We believe the Hawkins bill contains many of the elements of importance to organized labor, including close alignment with existing delivery systems, targeted programs for disadvantaged and displaced workers, and labor standards relating to wages and working conditions.

Although we have serious concerns regarding wage subsidies for youth and serious concerns regarding business-domination of Private Industry Councils, we believe the Hawkins bill offers the best starting point for building sound employment and training legislation.

Here are some of our concerns about the Hawkins bill:

Title I - Community Public-Private Training & Employment Assistance System

A&B. Designation of Prime Sponsor/Private Industry Council

Although this proposal essentially continues the current Prime Sponsor structure, it requires that a Private Industry Council share concurrent approval over all program activities. The PICs would be business-dominated with the remaining members from "labor, economic development, education providers and community-based organizations". Several issues of concern to organized labor are raised by this arrangement:

There is no clear accountability for funds.

Given the lack of PIC involvement to date in many areas, it is wrong to give the PIC even greater program authority.

Organized labor as an integral part of the private sector should be given a role at least equal to that of business on the PIC.

There are no requirements that the labor representatives be chosen by recognized labor bodies (e.g., state or central bodies, building trades councils, HRDI, etc.).

Although initial selections are made by the elected official, vacancies are filled by the PIC itself. Since the board is business-dominated and there are no safeguards to ensure representative spokespersons for labor, such a process may weaken labor's already limited voice on the PIC.

C.Planning Requirements

It is more appropriate to have the Department of Labor attempt to mediate differences between the PIC and Prime Sponsor rather than appoint another agency to administer programs when there is a deadlock.

The term "labor standards" should be further clarified to include all the provisions relating to labor's opportunities and protections in the current legislation.

"Earnings gains" should be given significant weight in assessing performance, especially when measured by the average wage at placement. Programs which have involved labor organizations historically result in higher wages.

Prime Sponsors should be provided additional incentives for joint planning with apprenticeship programs.

Title II - Employment & Training Services for the Economically Disadvantaged

B. Program Design

Although temporary employment in the "public and private non-profit" sector will create useful public service jobs, all appropriate labor standards should also be included.

Allowing "subsidized wages in private for profit employment" for 16-19 year olds is contrary to labor's position on wage subsidies and work experience in the private sector. Without limits on the amount of subsidy and the duration of enrollment, this activity is open to flagrant abuse by employers.

C. Eligibility

The limitations on eligibility will effectively prevent the non-poor unemployed from receiving services. This legislation should address the needs of both the unemployed and economically disadvantaged.

Title III - Employment and Training Assistance for Displaced Workers

A. Funding

Since funding is based upon unemployment, it may not accurately reflect the needs of workers who are not technically unemployed but face layoff as a result of impending plant closings.

Requiring a non-federal match of funds will prove difficult if not impossible for economically distressed areas.

B. Administration

Requirements for coordination by the states and local Prime Sponsors should include working with labor unions representing displaced workers.

C. Program Design

Allowing states to use unemployment compensation paid to displaced workers enrolled in training as the non-federal match appears to be a useful tool. However, the legislation should also ensure that displaced workers not be required to enroll in training in return for unemployment compensation.

Title IV - National Employment & Training Programs

Although proposed "technical assistance" activities would probably encompass the activities of the Human Resources Development Institute of the AFL-CIO and other on-the-job training and apprenticeship programs, apprenticeship outreach and other activities of interest to organized labor are not included as National Programs.

The "National Economic Adjustment Program" is a countercyclical program for areas with high unemployment. A competitive funding process, however, will not guarantee that the most needy areas receive funds. A formula-based allocation would ensure service to all areas in distress.

S. 2036, The Quayle-Kennedy Bill

The Quayle-Kennedy bill gives excessive authority to business-dominated Private Industry Councils and to the State Governors. We appreciate and commend the effort to set up a displaced worker program, but we consider the $100 million authorization totally inadequate. Furthermore, the lack of comprehensive labor standards and authorization for wage subsidies to private employers, however, are major concerns to organized labor.

Here are some of our concerns about the Quayle-Kennedy bill:

Definitions

1. "Community-based organization" is defined as a private, non-profit organization representative of the community which provides employment training services. Various national CBOs are specifically named. "Union-related" organizations are also cited as examples of CBOs. We support inclusion of "union-related" organizations as examples of CBOs. Citing union-related organizations as examples of CBOs will provide additional support for involvement of unions at the local level. On the national level, the Human Resources Development Institute of the AFL-CIO and national and international unions should be eligible for funds under Section 223 "Pilot Projects." Therefore, we urge that the phrase "union-related organizations" should be retained.

2. "Economically disadvantaged" is defined as a person receiving cash welfare payments; has an income at or below poverty level or 70% of the lower

living standard, or is receiving food stamps. We support the including of food stamp recipients in the definition of "economically disadvantaged."

Title I - State Job Training Program

1. Allocations, Sec. 101.

Seventy-one percent of the funds available ($2.7 billion) are for state and substate areas. Allotments to states are to be made on this basis of unemployment and poverty. Yet substate allotments are to be based upon the relative number of economically disadvantaged. We believe unemployment rates should also be a factor in substate allocations in order that areas with larger concentrations of unemployed workers receive an equitable share of funds.

2. Service Delivery Areas (Sec. 102)

We oppose the excessively wide discretion given to State Governors in determining service delivery areas.

Local governments and their PICs as well as local governments over 250,000 may petition the Governor for continued designation as a service delivery area, and the Governor is required to approve these petitions unless he finds that they are inconsistent with purposes of the Act. However, the Governor still retains final authority, and in areas of political conflict, the Governor could make designation difficult. A 60-day time frame for dispute designation should facilitate processing of local complaints.

3. Planning the Program

A. Private Industry Council (Sec. 103)

We strongly object to the business domination of PICs with little regard to labor representation. A partnership between the public and private sectors will not succeed without the full involvement of organized labor. The proposed PIC composition will undoubtedly result in a small role for labor.

Several sentences prescribe the selection process for business representatives but no reference is made regarding the involvement of state and local central labor bodies in the selection of labor representatives. If the Chamber of Commerce is given clear preference in the nomination of business representatives, why are not labor organizations given the same prerogatives? Instead, the selection of what will probably be labor's only representative is left to an agreement between local elected officials with the Governor intervening during the disputes.

It is not clear what procedures are to be used when a non-business vacancy occurs in the PIC. We oppose the filling of vacancies according to by-laws written by a business-dominated PIC.

We strongly urge explicit language in the employment and training legislation to make it clear that organized labor representatives should be nominated for all current and future PIC slots by recognized state and local central labor bodies or appropriate building trades councils.

B. PIC Planning Responsibilities (Sec. 103)

The planning process proposed in the Quayle-Kennedy bill is a basic reversal of the current system in which the Prime Sponsor plans and the PIC concurs. Under this proposal, elected officials have only a reactive, not a proactive role. There should be more flexibility in this section to allow joint planning with established Prime Sponsor systems. It also appears to be administratively unwise to separate the planning and administrative functions.

A major omission in this section concerns the lack of any procedures to consult with appropriate labor organizations in the selection of occupations or any procedures to obtain the written concurrence of the bargaining agent for training in organized companies. This proposal requires that skills taught be acceptable to local employers, but there is no reference to acceptability to organized labor. Skill training in a non-union company may be viewed as acceptable by a PIC dominated by non-union employers whereas skill training in an organized company may not. Organized labor should retain its existing rights of consultation and concurrence.

In addition, procedures for the publication of the plan and opportunities for interested parties to comment should be strengthened to include specific opportunities for all appropriate labor organizations to review and comment on the plan. This will be especially important if organized labor's input into the plan is restricted as a result of limited union participation in the PIC.

4. Program Administration

A. Local PICs (Sec. 104)

Determining "capability" of local prime sponsors or local PICs can be a most subjective process in which the Governor could manipulate circumstances to restrict the involvement of local elected officials. Accountability for tax dollars and public programs must be vested in elected officials. Section 104 gives the Governor the power to remove that accountability and authority from local elected officals and give it to a business-dominated PIC, with little or no recourse for those officials. the Governor also bears no fiduciary or program responsibility for his decisions. Rather, he can vest control of public training dollars in the hands of a business-dominated PIC. This section should be amended to include federal recourse to local elected officials, and to require specific accountability of the Governor for any decisions he makes regarding the award of funds to PICs.

B. State Job Training Council (Sec. 104)

A State Jobs Training Council should be mandatory, not just permissible. State labor federations and Building Trades Councils should be entitled to membership on an equal basis with business. A mandatory Council and full labor participation on it are critical since the Governor has such wide-ranging authority over local programs as well as programs affecting displaced workers.

This section contains several significant areas of concern to organized labor. Although there are a number of possible program activities, no restrictions exist to insure that the bulk of funds are spent on client training. Without such restrictions, local funds could be spent entirely on "employment-generating services" or "any other activity designed to prepare disadvantaged persons for and place them in employment." This latter phrase is particularly important since it appears to allow complete local latitude in expending training dollars. To preclude widespread abuse, this phrase should either be eliminated or specifically defined. We believe reasonable restrictions should be placed on non-training expenditures.

"Outstationing" workers who are on the public payroll with private for profit employers is a misuse of tax dollars and provides no guarantee of training or permanent employment at the end of the "try-out" period. "Outstationing" should be prohibited.

Language regarding reimbursements to employers for OJT should be strengthened to protect against abuse and wage subsidies.

We strongly support explicit authorization for training allowances and stipends. It appears that in order to avoid criticism of paying allowances to enrollees in training, the Quayle-Kennedy bill specifically prohibits allowances. However, at the same time, it provides for payments of "modest sums" for completing all or part of the program. Since this language is subject to removal by Congress or dilution by the Department of Labor, the legislation should make clear its intent to continue allowance payments for enrollees.

A system that does not provide for some financial support for persons in classroom training will inevitably produce only short-term, low-quality classroom learning. In addition, these restrictions coupled with increased latitude in OJT programs will probably result in marked increases in OJT. Since current economic conditions, however, will probably preclude the funding of many high-skill OJT slots, the result may be low-quality, high turnover training programs.

We support the idea that displaced workers will be eligible for services not only through special state-sponsored programs but may also receive services in statewide discretionary programs and local programs as well. In general, however, we believe there must be a much bigger and more effective program for displaced workers than the Quale-Kennedy bill proposes.

Title II - National Job Training Programs

Although no specific language in this title incorporates by reference past national programs operated by labor organizations, including the AFL-CIO Human Resources Development Institute, such agencies could conceivably qualify for funding in all or some of the categories listed in Sections 221-224 for research, pilot projects, and training and technical assistance. Since such funding, however, will require direct support from the Department of Labor, efforts to retain funding for union programs should focus upon including very specific language changes in these sections.

Title III - Administrative & General Provisions

1. Earnings gains are certainly a useful way of determining performance. However, like any figures, earnings gain for a welfare recipient placed in a minimum wage job would be 35 percent. Therefore, in addition to* longitudinal measurement, earnings gains should also be measured by the actual wage at placement. Also, retraining "earnings gains" measures are not appropriate; "earnings retention" would be a more accurate measure.

2. Although the Secretary has the authority to issue regulations prescribing youth competencies, such regulations must reflect recognized educational and skill competencies including apprenticeship standards. It would be preferable to have such standards incorporated directly into the law, rather than to leave these standards to be defined by regulation.

3. We disagree with the proposed business-majority composition of the Commission on Employment and Productivity. Business domination of this Council may restrict labor's involvement in the development of national policy issues relating to employment and productivity.

The Commission is to be comprised of a business majority with additional representatives from state and local government, organized labor, and education agencies.

Title IV - Amendments to the Wagner-Peyser Act

We do not agree with the amendments to Wagner-Peyser which turn over to Private Industry Councils the responsibility for planning local Employment Service activities, and limit on non-labor exchange activities. We have the same concerns regarding PIC control over ES planning as we have regarding PIC control over local training plans.

Title V - Dislocated Workers

The AFL-CIO strongly supports the concept of an effective program to help displaced workers and we commend the Quayle-Kennedy proposal for moving in this direction.

However, we have a number of serious concerns, one of which is that requirements describing the 50 percent match by the state are not defined. Regardless of method, many states may have difficulty in furnishing either a cash or in-kind match. As a result, those states most in need may be penalized for their lack of resources.

Although organized labor is referenced as a possible contractor for "early intervention" programs, there is no other reference to labor involvement in dislocated worker programs. Language in the Hawkins bill describing labor involvement in the planning and design of programs as well as labor concurrence in their operation is reasonable and desirable.

Also, we believe performance standards should be adapted to reflect the unique nature of programs to assist displaced workers.

Title VII - Coordination of Job Training Activities

We are very seriously concerned about this title which allows the Governor to merge two more advisory councils whose "functions relate to employment or training."

Thus, the Governor will have the authority to abolish state apprenticeship and vocational education councils. Although an appeal process exists, current heads of these federal agencies would probably not be expected to appeal these decisions. Language, therefore, should be inserted which protects the integrity of State Apprenticeship Councils as well as labor's involvement in apprenticeship training and provides for the expressed consent of all council members before a merger is put into effect.

H.R. 5461, The Jeffords Bill

I. Purpose

Although the Jeffords bill charts an exceedingly ambitious course of consolidation, little or no attention is given to the mechanics of such consolidation and the transition to the "new" system. We oppose hasty consolidation of programs which have existed for a number of years -- Employment Service, CETA, WIN, Apprenticeship and Vocational Education programs -- in terms of both method and substance.

2. Labor Force Investment Boards (Sections 104; 204; Title III Part E)

We have serious concerns regarding these boards at the national, state, and local level.

Prescribing a business majority and membership from a variety of groups, in effect restricts labor representation to at most one or two seats. The comprehensive authority vested in these boards and their committees makes it imperative that labor be given an expanded role.

Control over planning, contracting, and monitoring of all local employment and training activities should be a shared responsibility between elected officals and the private sector. Although elected officals have appointing authority and can object to plans, this proposal provides no active role for the only officials directly accountable to the taxpayers.

The consolidiation of apprecticeship activities at the local level, as well as the consolidation of the functions of state apprenticeship councils and the National Advisory Committee on Apprenticeship at the state and national level, respectively, causes us grave concern. A single and newly created Labor Force Investment Board comprised of at most a few labor representatives cannot begin to assume or control the functions of existing Joint Apprenticeship Training Councils, State Apprenticeship Councils, and the Federal Commission on Apprenticeship. The goals of enhanced coordination with the apprenticeship system will certainly not be served by such consolidation.

3. Youth Programs (Title I Part B)

Entry-Employment Experience (Section 124). While we certainly support efforts to employ disadvantaged youth, we strenuously object to programs which foster the use of program enrollees as cheap labor for employers. We object to the consideration of all youth in entry-employment experience as student learners under FLSA to be paid substandard wages. This is an abrogation of the intent of FLSA. We object to such wages being paid to students performing public service jobs (even for the 500 hour maximum) and we are gravely concerned about the total lack of prevailing wage and worker displacement protections.

We also object to the 250 hour try-out period in private-for-profit worksites. Although the prohibition on replacements if no hire results will prevent further employer abuse, the potential for such abuse should not be allowed at the outset.

Eligibility. The resources provided in this bill are entirely inadequate when compared even to the economically disadvantaged population. Yet, the proposed youth programs are open to all youth with only "priority" given to the disadvantaged. Scarce resources require greater targeting to individuals most in need.

Substitution. We are concerned about the lack of effective controls to ensure that monies received for education activities supplement and not supplant existing state and local education programs. Stronger language should be included which precludes such "substitution."

4. Adult Training Activities (Title I, Part C)

OJT Payments (Section 108). The use of the term "reasonable" to describe the methods for determining OJT payments may certainly result in local abuse by employers and business organizations anxious to "market" programs. The language in Section 108 is particularly troubling to us because it implies also that prevailing wages are not required in OJT. We emphasize our concerns that OJT payments reimburse the employer for actual costs of training and not be used to enhance profits. Prevailing wage and benefit protections are also an absolute necessity if enrollees are to receive quality skill training and increase their earned income.

"Second-Tier Training Activities" (Section 135)

1. Educational Voucher - We object to the utilization of educational vouchers for participants. The voucher system fails to assure quality control as well as local monitoring.

2. Business/Labor Advanced Career Training (Sections 243, 326)

At all levels where this activity is funded (local, state and national) it is a misnomer. Organized labor's role is so minimal as to be obscure. Instead of its present "concurrence" rights, labor need only be "consulted." Funds can only be given by business-dominated Labor Force Investment Boards to "private-for-profit corporations and associations of business." We object to the exclusion of apprenticeship councils and other labor organizations from participation as training contractors. This exclusion is particularly ironic given the wage and placement requirements for these programs.

Although "internships assignments" are not accorded a precise definition, it may be construed as a full wage subsidy. Again, we object to the utilization of federal funds to subsidize employer profits and reward them for activities which they would have undertaken anyway.

According to the Jeffords bill organized labor's only role, besides its single voice on the Labor Force Investment Board, would be to comment on programs offered where it represents employers in the occupation proposed for training. This is a far cry from the consultation and concurrence provisions of the regulations and we object to anything less than these requirements.

3. Job-Access Assistance (Section 136)

"Try-Out Employment". As noted earlier, we object to payment of 100 percent subsidized wages for enrollees in the private-for-profit sector. Our objections are compounded by additional provisions in this section which set minimum wage requirements on this subsidy and then expand it to the public and non-profit sectors as well. Using individuals, even for 250 hours, to work in public sector jobs at the minimum wage violates their rights to a job at equal pay. In addition, the lack of protections against worker displacement will certainly result in substitution in many local areas.

Social Bonus. Giving employers one-half the wages for hiring eligible participants with no control over the quality of training or placement is a blatant giveaway.

The statement "TJTC is an option to the try-out and social bonus approaches" needs clarification. We oppose the TJTC as an invitation to "revolving door" hiring.

5. Labor-Exchange Activities

The AFL-CIO has long urged federalization of the U.S. Employment Service. Although the Employment Service can benefit by improvement, it would be wrong to engage in wholesale dismantling of its federally-supported structure. That would not be the most effective approach toward achieving improved labor-exchange activities. Vesting authority for such large scale activities in a newly created Labor Force Investment Board with no long-term transition approach is a hasty and ill-conceived approach. Duplication, lack of coordination, and reduced services to those in need would occur if this approach is put into effect.

6. State Labor Force Investment Board. In addition to objections already noted, we believe the consolidation of the State Employment and Training Council and boards controlling vocational education and apprenticeship should not occur without the expressed consent of the members on those boards.

7. Federal Responsibilities (Title III)

Eligibility requirements (Sec. 323) (i.e., 70 percent BLS income during participation) may prevent many displaced workers from receiving assistance.

Private Sector Involvement (Sec. 334). Establishing guidelines which assure private-for-profit contractors of competition on equal terms with public and non-profit agencies appears to be a difficult and non-productive task, certainly open to abuse. The ability to produce skilled workers and place them in high paying permanent jobs should be the guiding principle in selection of contractors.

National Intermediaries (Section 345). The purpose behind the funding of national intermediaries is to tap the resources of nationally-based organizations which have the capacity to provide consistent, quality assistance to their field networks. Recognizing these unique capabilities at the national level, we believe it is wrong and counterproductive to suggest that they turn to state and local governments for funding. This defeats the purpose of funding such organizations.

National Labor Force Investment Board (Title III, Part E). As noted earlier in our objections to State Labor Force Investment Boards, those councils, particularly the National Advisory Council on Apprenticeship, should not be consolidated into the National Labor Force Investment Board without the expressed consent of their membership and an expanded role for organized labor. Otherwise, feasibility studies to be undertaken such as "tax incentives for employers" and "lower wages in apprenticeship" may be unfairly and inequitably biased.

The Administration's Job Training Bill

The Administration's draft "job training" bill does not meet the principles set forth by the AFL-CIO Executive Council statement of February 18, 1982, on "Employment and Training" and, therefore, is not acceptable to the AFL-CIO.

There are three key dimensions in which the Administration's proposed "Job Training Act of 1982," the draft discussed with various labor representatives by Labor Department officials on February 22, fail to meet AFL-CIO concerns.

(1) There must be federal responsibility for direct, targeted, national employment and training programs. This federal responsibility must be reflected in the employment and training delivery system. And the delivery system must build on past experience and past achievements of the prime sponsor system.

(2) The nation's employment and training program must be comprehensive and not limited to one segment of the population such as welfare recipients and disadvantaged youth. The program must include assistance for "displaced" and unemployed workers and it must include continued support for successful national programs sponsored by labor and community based organizations.

(3) Labor standards and labor participation must be assured and protected. Such assurances and protections are not now included in the Administration's draft bill.

Here are some of the major specific concerns we have about the Administration's draft "job training" bill:

1. The Administration's bill completely undermines the current prime sponsor system and gives complete control over programs and funding to the Governors and business-dominated State Job Training Councils. Governors would have the authority:

(a) to designate substate service delivery areas and fund local administrative agencies to operate programs without regard to capabilities or without obtaining the expressed consent of local officials in those areas;

(b) to appoint business-dominated Private Industry Councils in these substate areas to approve all local job training plans and programs without the expressed consent of local elected officials or the input of interested labor unions;

(c) to put the functions of State Vocational Education Boards and State Apprenticeship Councils into the State Jobs Training Council. Given the dramatically different functions of these boards, it is inconceivable that one council could make informed, representative decisions regarding such diverse programs.

2. Funding is entirely insufficient with only $1.8 billion in block grants to states, only $200 million for Special National Programs (native Americans, migrant workers, and older Americans), and only $387 million for the highly successful Job Corps.

3. Eligibility requirements limiting enrollment to AFDC recipients and disadvantaged youth 18-25 will prevent other needy groups from being serviced. For example:

(a) The needs of displaced and unemployed workers are completely ignored in this bill.

(b) Disadvantaged in-school youths have almost no opportunity to gain work experience or skills since after school and summer programs are almost entirely eliminated.

4. The definition of the term "private sector" purposefully excludes organized labor. Business-dominated councils at the state and substate level control all program planning and decisionmaking. State and central bodies have no opportunity to select the few labor representatives who will be allowed to serve on these councils. As a result, organized labor's role will be minimized in the planning, design, as well as operation of programs.

5. Programs and activities operated at the federal level under the responsibility of the Secretary are not given adequate funding nor is there any reference to a continuation of current national program activities operated by union or community-based organizations, including HRDI.

6. Although organized labor can be consulted when training programs are funded with organized employers, written concurrence is no longer required. Although there are worker displacement provisions, there are no prevailing wages or benefit protections. The bill also eliminates opportunities for state and central bodies to appoint labor representatives to job training councils and PICs, and labor's opportunities to be directly consulted in the planning and operation of training programs. Official complaint procedures which have often given labor its only recourse to solve local problems have also been eliminated.

7. Elmination of stipends will certainly deprive many in need of training opportunities and, along with cost-conscious performance standards, will drive the system to short-term, low-quality training.

Mr. Chairman, I appreciate this opportunity to present these comments on behalf of the AFL-CIO. We will be available to work with you and your Subcommittees in your efforts to improve and perfect legislation for action by Congress.

Statement by the AFL-CIO Executive Council

on

Employment and Training

February 18, 1982
Bal Harbour, Fla.

At a time of rising unemployment, deepening recession and rapid technological change, the nation needs a larger, more comprehensive program to train the jobless and disadvantaged.

The Reagan Administration, instead, has started to dismantle essential employment and training programs. Funding for these programs has been slashed by nearly two-thirds. Job information and placement services for the unemployed have been decimated by budget cuts that have, so far, closed 400 U.S. Employment Service offices.

Thus, the American workforce has been dealt a brutal one-two punch--the Administration's trickle-down economic policy has sent unemployment toward record levels at the same time the Administration is reducing the programs which can help the jobless find work.

The federal government has the responsibility to promote full employment. This obligation was spelled out in the Employment Act of 1946 and restated even more strongly in the Humphrey-Hawkins Full Employment and Balanced Economic Growth Act of 1978.

Full employment can be restored through a balanced mixture of overall fiscal, monetary and trade policies augmented by comprehensive training and employment programs.

Long-term growth and economic stability can be enhanced by preparing workers for entry into the job market, and for changes in skill demands by protecting them from disruptions in the labor market which are beyond their control.

There must be a federal responsibility to provide direct, targeted and adequately-funded national employment and training programs. Financial assistance must be provided to the unemployed while they prepare and look for new jobs. If necessary, the government must be the employer of last resort.

The Comprehensive Employment and Training Act (CETA), which expires this September, provided hundreds of thousands of jobs and trained millions of Americans. Studies have shown CETA's basic cost-effectiveness. The costs of training programs were repaid to the nation in the new skills, higher wages and consequent taxes paid. Any new national program should draw upon CETA's successes.

Labor, government and business must work as equal partners in any program that is to be effective. The program must be aimed at providing the unemployed with marketable skills.

The federal government should provide stable, long-term financing. The program should provide jobs for individuals who cannot find work in normal public and private employment.

Men and women forced into unemployment by closed shops and factories, mass layoffs and the impact of imported goods, should be offered training for new skills. They should be provided guidance, assistance and allowances to relocate when necessary.

The federal government should continue to support successful national programs sponsored by individual unions and by the AFL-CIO's Human Resources Development Institute as well as those operated by organizations such as the National Urban League's Education Advancement Program (LEAP), Opportunities Industrialization Center (OIC), Recruitment and Training Program (RTP) and Service Employment and Rehabilitation (SER).

The experience of the various outreach programs should be translated into a greater effort to bring the most disadvantaged groups into the active workforce.

Programs to provide basic literacy training to adults should be retained and expanded so they can effectively participate in the workforce. Participants in all federal training programs must receive either wages or adequate stipends in order to provide them needed income and guarantee the success of the program.

Private sector training, including on-the-job training, upgrading and apprenticeship programs which receive federal funding, must be guaranteed by federal safeguards and standards of performance in order to avoid abuse, exploitation and undercutting of wage, health and safety standards.

"Workfare" programs should be rejected because they require the recipients of public assistance to account for their meager benefits by giving their labor at minimum-wage jobs.

Subsidies should be opposed when paid to employers in the form of direct, partial wage payments or backdoor expenditures in the form of tax rebates and discounts.

America has a large, growing force of men and women anxious, willing and able to build a renewed, efficient and prosperous economy. There is a demand for more trained workers to operate and service the new technology and to fill many other critical needs. The federal government should invest its resources preparing the unemployed and disadvantaged to fill this productive role in our society.

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Representative HAWKINS. Is there a representative for Mr. Sheldon Friedman? If not, we will receive for the record his prepared statement.

[The prepared statement of Mr. Friedman follows:]

STATEMENT OF
SHELDON FRIEDMAN, RESEARCH DIRECTOR
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE,
AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, UAW
BEFORE THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
AND THE SENATE SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY
ON
EMPLOYMENT AND TRAINING POLICY

March 17, 1982

Mr. Chairman, my name is Sheldon Friedman. On behalf of our 1.3 million members, I thank you for this opportunity to express the UAW's views on employment and training policy, and to comment on the various bills which have been proposed to replace the expiring Comprehensive Employment and Training Act (CETA). We commend members of both subcommittees, Democrats and Republicans, for holding this hearing, which bespeaks recognition of the needs of the unemployed and the federal government's responsibility to meet those needs. We regret, however, that this important discussion must take place under pressure from the Reagan Administration to further gut the very programs most vital to help workers.

I am sure that it will not be news to any of you that joblessness in the auto industry is at depression levels. Some 250,000 auto workers are presently laid off indefinitely at the five prime auto companies alone. The unemployment our members have experienced during the industry's current disastrous 37-month slump makes the severe 1973-1975 recession seem like a picnic by comparison. Measured against their 1978 hourly workforce, the number of workers presently on indefinite layoff represents an employment reduction of 23 percent by GM, 40 percent by Ford, and 53 percent by Chrysler.

As a result of attrition, even these figures understate actual job loss; according to the Bureau of Labor Statistics, during December 1981, there were 295,000 fewer production jobs in the motor vehicle industry than in 1978, a decline of 38 percent. Including the impact on supplier workers, the U S. Department of Transportation (DOT) recently estimated that 600,000 manufacturing jobs have disappeared from the nation's "auto-related employment base" since 1978, and that an additional 600,000 jobs could disappear from the industry by 1985.

To ease the present crisis and restore vitality to the depleted auto-related segment of the nation's industrial base, we have urged an end to disastrous tight money and sky-high interest rates, and prompt enactment of domestic content legislation (H.R. 5133). These steps are vital to help our economy's largest manufacturing industry get back on its feet.

Even if these badly-needed steps are taken, however, other measures are desperately needed to assist the thousands of indefinitely laid off auto workers who, under the most optimistic assumptions, have dim prospects of ever being called back to work. Many of the unemployed are hard-pressed minority workers, who make up 11.2 percent of the nation's total workforce but 22.4 percent of the workers in auto. The disastrous loss of well-paid auto-related jobs threatens to undo two decades of economic progress by black workers.

The present situation in auto differs greatly from past downturns. Unlike prior recoveries, the long-overdue recovery of domestic vehicle sales and production if and when it occurs, cannot be relied upon to restore employment to past levels. The interplay of a mature market, changes in vehicle mix and driving habits, an uncertain energy future, skyrocketing imports of vehicles and parts, and the introduction of new technology into the workplace on an unprecedented scale, all mean that there will be thousands fewer auto-related jobs, not only today but in the long run. Even if the industry recovers, thousands of former auto workers, and scores of auto dependent communities across our country, face a long and painful process of adjustment.

Yet instead of being assisted, our laid off members have suffered the indignity of unceremonious loss of their federal "safety net" at the worst possible time. Tens of thousands of unemployed auto workers have exhausted their Trade Adjustment Assistance allowances and unemployment insurance as a combined result of budget cuts and the duration of their joblessness. Last year, length of unemployment among jobless auto workers averaged 26 weeks. Their duration of joblessness was close to double that of all workers and was 2½ times longer than in 1979. Prospects of finding a satisfactory new job are bad and rapidly getting worse. Unemployment rates in major auto producing states are in double digits: 16.1 percent in Michigan, 12.2 percent in Ohio, 13.9 percent in Indiana, 10.1 percent in Illinois. In Michigan, unemployment has been in double digits for two consecutive years. In Detroit, unemployment is a staggering 18.4 percent, and in Pontiac it is a shocking 26.2 percent. Other cities in the industrial Midwest have been similarly hard-hit: Toledo, 12.6 percent; Saginaw, 16.0 percent; Flint, 16.5 percent; Anderson, Indiana, 17.7 percent.

There also has been sizable job loss in other major industries in which the UAW represents workers, not just the auto industry. In the agricultural implement industry production worker employment is down by almost 20 percent from the peak of 1979.

Nationwide unemployment has reached a crisis level. Over 9½ million American workers are jobless, 8.8 percent of the country's workforce. Since last July, the job market has deteriorated rapidly. Over the past seven months, close to 2 million workers have been added to the ranks of the unemployed, with no group escaping rising unemployment. Tragic as these figures are, they hide the true severity of the problem. The 5½ million workers who cannot find full-time jobs and who must work part-time are excluded, as are the more than one million discouraged unemployed.

Completely uncounted are the mammoth social costs of unemployment: higher rates of mental illness, child abuse, robbery, alcoholism, and suicide.

And the outlook is bleak: more workers will suffer from joblessness before this recession is over. Many private economists are predicting an unemployment rate of 9½ percent or higher before the current recession subsides. Even top Administration officials — the Treasury and Commerce secretaries — have predicted that the current recession will drive unemployment to 10 percent this year.

The Administration Abandons Its Responsibility

Regrettably, the Reagan Administration's response to this unfolding crisis is not to ease the difficulties facing the unemployed by creating jobs and expanding training programs; rather, they seek additional program cuts. Almost from its inauguration this Administration has made employment and training a target for budget cutting. In the current fiscal year the President sought and successfully put in place cuts which are expected to reduce total spending for employment and training by more than 40 percent from the FY 1981 level. Almost $3½ billion in spending was cut from programs authorized under CETA. Elimination of public service employment reduced the number of CETA participants by 500,000 in the current fiscal year, and cuts in training and youth programs eliminated another 650,000 participants.

For fiscal 1983, outlays for employment and training authorized under CETA would total only $2.2 billion, about half of what will be spent this fiscal year and a drastic 73 percent cut compared with FY 1981. Only 1.3 million persons would be able to participate. This would mean a further 700,000 reduction in public employment and training opportunities, bringing the total decline in slots to nearly 2 million since FY 1981. By contrast, Sweden — a country whose population is barely 4 percent as large as ours — will spend $1.5 billion on labor market programs this year.

Employment and training services for workers who have lost their jobs because of imports would be further weakened. Workers formerly eligible for training under the Trade Adjustment Act would compete with other groups for drastically reduced funds.[1] In FY 1983, spending for the special targeted groups program would be cut by three-fifths or $418 million. At the same time, weekly cash TAA benefits would be eliminated.

The President has also proposed a ban on the use of training funds to pay stipends to workers enrolled in training. This will effectively shut out many who are most in need of retraining, because they lack the resources to support themselves and their families while enrolled.

To make matters worse, the President would cut 15 percent from spending for all levels of education. These cuts would include, among other things, reductions in outlays for vocational and adult education, and for higher education student aid.

We do not understand how an Administration allegedly committed to stimulating capital investment can so blatantly ignore human capital needs which are every bit as important to the nation's economic future as up-to-date plant and equipment.

Jobs, Training and Full Employment: A Federal Responsibility

Apparently this Administration does not believe employment and training should be federal government responsibilities. We strongly disagree. Employment and training programs must be an integral part of this country's effort to attain and sustain full employment, a prime responsibility of the federal government.

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[1] For details, see Statement of Leonard Page, UAW Associate General Counsel, submitted to the Subcommittee on Trade, House Committee on Ways and Means, February 26, 1982.

The Employment Act of 1946 declares that it is the continuing policy and responsibility of the federal government to use all practicable means to create and maintain employment for those able and willing to work. The Full Employment and Balanced Growth Act of 1978 strengthens and supplements this decades-earlier legislation by establishing a national goal of full employment, a set of programs to meet that goal, and a process for enacting those programs.

Jobs must be provided in the public sector when the private sector fails to provide them. There is plenty of useful work to do in rebuilding our nation's shattered industrial foundation. Our railroads, highways, airports, seaports, streets, bridges, sewer systems all are in dire need of refurbishing. This public investment would enhance our industrial capability and at the same time provide meaningful work for thousands of the unemployed.

Employment and training programs alone cannot solve our economic problems. However, in concert with sound fiscal and monetary policies which produce stable economic growth, employment and training programs can move us toward the elusive goal of full employment.

CETA Has Worked

Since 1973, CETA has been the nation's principal vehicle for assisting Americans in need of public employment and training services. The goals of CETA — better employment opportunities, greater self sufficiency, higher earned income — have had the UAW's strong support.

Although evaluative data are scarce, the findings are consistent: CETA has been a good investment for society. A recent analysis by the National Council on Employment Policy found that every dollar invested in on-the-job training returned $2.28 in benefits to the community. Every dollar spent on classroom training returned $1.14 to society, while each dollar spent on Job Corps returned $1.39.

Participants in classroom training earned an average of about $400 more a year than a comparable group not in training, and those trained on-the-job earned $600-$800 a year more.

The two public employment programs terminated at the end of FY 1981, against our strong objections, were successful. A review of PSE by Professor Briggs of Cornell University supports this view. Those who participated in PSE programs had significant post-program wage gains. In one major study, it was found that real wages were 16 percent higher after completing PSE enrollment, compared with the enrollees' last pre-PSE job. According to another study, there was a $250 higher average annual post-program income gain for PSE participants, compared with a "matched" group of non-participants. Yet another study found that within one year after leaving the program, 70 percent of the enrollees, on average, had found other employment.

In its countercyclical role, public service employment was an effective instrument of fiscal policy for the nation, and in its counterstructural role, it was a beneficial human resource development program.

Direct UAW Experience With CETA[2]

Our own direct experience with CETA, and its predecessor the Manpower Development and Training Act, reinforces our view that employment and training programs can be meaningful and effective, and can make a significant contribution toward building a better society. Unfortunately, budget cuts have forced drastic cuts in these UAW-administered programs, just at a time of unprecedented need.

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[2] For additional details, see statement of Sheldon Friedman, Research Director, International Union, UAW, on the Employment Crisis in Auto before the Subcommittee on Employment and Productivity, Senate Committee on Labor and Human Resources, January 11, 1982.

In the last 16 years the UAW has been granted ten successive OJT Prime Contracts with the Labor Department, totaling $17.5 million, to train and place 14,192 individuals. We did better than that, having placed in excess of 18,300 individuals to date. In addition, we have conducted pre-apprenticeship programs in the metalworking industry, and have operated training and job placement centers in more than thirty communities.

In October 1980 we modified our current OJT contract to provide counseling services for the unemployed. Crisis Centers were established in ten target cities throughout the country. Through October of last year, these Centers provided assistance to more than 700,000 unemployed individuals. Despite the obvious value to the unemployed who received counseling, our funds were cut off as part of the FY 1982 budget cuts. This forced us to eliminate most of our program and close the ten Crisis Centers.

We are dismayed by the heartless dismantling of vital — and successful — union-administered programs of this kind. Such dismantling should be halted and reversed. Successful programs run by the UAW and other unions deliver urgently-needed services to the unemployed in terms of crisis intervention, counseling, training, job search assistance and the like. These programs must continue to be funded at adequate levels.

Special Needs of Displaced Workers

As noted earlier, the ranks of the unemployed who have been permanently displaced from auto and other basic industries have swelled to enormous proportions. Particularly in cases where their plant has closed, such individuals are often long-service workers, with painstakingly-acquired specific skills that are of limited applicability outside their former industry. They typically are prevented from moving by family responsibilities, and by inability to sell their homes — often their entire life savings — due to depressed local housing market conditions. The needs of such workers for comprehensive labor market and other public assistance have become increasingly acute. While the UAW in no way wishes to see reduction in public employment and training services for those who are already disadvantaged, it is a cruel irony and grossly unfair that workers displaced from auto and other basic industries presently are denied otherwise-available assistance because they are "guilty" of having a prior history of lifelong gainful and remunerative employment. To force such workers to endure months of unemployment without assistance because of the bureaucratic notion that such assistance should be restricted to the "disadvantaged" does a disservice not only to the unemployed worker, but also to the American public. Appropriate intervention is more likely to be successful if it is timely, not months or years after the displaced worker becomes unemployed. Demeaning and irrelevant "means tests" deter thousands from seeking vitally needed assistance. We are therefore gratified that several of the bills under consideration contain recognition of the special problems faced by displaced workers. Even the best of the bills, however, falls far short of what should and could be done.

It is shocking how little we have learned from the experience of other industrialized countries in designing our employment and training programs, particularly with regard to displaced workers.

Among the things which are needed if a comprehensive displaced worker employment and training program is to be successful are the following:

- Notice
- Flexibility to tailor assistance to specific situation
- Crisis intervention
- Targeted employment creation
- Availability of comprehensive range of services and assistance

Notice. When a plant upon which a community's economic lifeblood depends is about to close, adequate lead time is essential if appropriate programs to assist affected workers are to be successfully developed and implemented. Yet virtually alone among the major industrialized countries, the U.S. does not require advance notice of major plant shutdowns. The absence from all of the bills under consideration of any plant closing or mass layoff notice provision will hamper the effectiveness of assistance provided to displaced workers.

Flexibility. Current employment and training programs tend to be rigidly spelled out and limited in scope. Instead of molding the program to the needs of the unemployed, too often just the reverse happens. Worse yet, just when additional measures are needed to cope with a massive local dislocation crisis, adequate funding may not be available due to inability to raise matching funds locally, or because of predetermined rigid funding ceilings set without regard to current needs. Instead, a far greater measure of flexibility is needed to tailor programs to the specific needs of the unemployed.

Crisis Intervention. Unemployment is often a profoundly traumatic experience, particularly for displaced workers whose identity is closely bound up in careers to which they have devoted a lifetime of service. Often in such cases the availability of coordinated crisis intervention and counseling services, such as family and credit counseling, are a pre-condition for success of other forms of assistance.

Targeted Employment Creation. Often displaced workers are trapped in aging industrial communities which have undergone massive erosion of their economic base. Relocation to other areas may be a solution for a small minority of the most mobile and most highly skilled workers, but that only compounds the problems of the community they leave behind. Such communities vitally need assistance to build a new economic base on the solid foundation of an emerging growth industry. No amount of training or job search assistance will solve such a community's economic problems if alternative employment is not created.

Need for Comprehensive Assistance. The "menu" of employment and training programs has been far too limited historically. Other industrialized nations such as Sweden are far ahead of us in this regard. Their experience is worthy of careful study. If this is not the time for bold new departures in employment and training policy, provision should at least be made for innovative pilot programs which the nation can build upon in the future. Such pilot programs should be designed only after taking account of a wide range of input from organized labor, the business community, government at all levels and academia, and should be based in part upon a careful review of the applicability of the best aspects of other nations' experiences.

Labor Market Implications of Defense Build-Up

No current discussion of employment and training policy would be complete without reference to the impact on the labor market of the enormous defense build-up contemplated by the Administration. Though we believe this massive increase in defense spending is misguided and wasteful, nevertheless such an increase appears to be the order of the day. If so, it is incumbent on the Administration and Congress to take appropriate steps to facilitate redeployment of the nation's resources from civilian to military uses, in such a way as to mitigate the inevitable adverse impacts of this transition upon the civilian economy. In this regard, proper public employment and training policies are critical.

The massive unemployment which now exists creates the potential for a smoother transition, but that will not happen in the absence of active government intervention, in the form of carefully designed and targeted retraining programs, relocation assistance, procurement policies, and the like. We urge that these and other related matters receive the Congressional attention they deserve, in order to mitigate inflationary "bottlenecks" and resultant damage to civilian companies, and to target job opportunities toward those who are now unemployed. Regrettably, none of the bills presently under consideration addresses these issues adequately.

Other Issues

Beyond meeting the special needs of displaced workers, the nation's employment and training program should develop new skills that will lead to long-term employment opportunities. Those opportunities should consist of well-paid skilled jobs, not dead-end minimum wage jobs which do little to enhance the economy's productivity or improve the lives of program participants. Special employment and training programs must also be directed toward workers whose skills have become obsolete due to changes in technology.

If programs are to meet workers' needs, labor participation is a necessity. Labor should be an equal partner with business and government in the plannng, design and implementation of employment and training programs, to assure that the programs are effective and responsive.

Labor standards to protect workers' interests and prevent employer abuse must be guaranteed. Guarantees regarding wages, benefits, working conditions, and protections against displacement of regular workers are necessary to assure equity for those participating in the programs, and to protect incumbent workers.

Public service employment is a vital ingredient of a national employment and training program, alongside job placement, job training, and other important aspects of the total program.

Adequate stipends for those enrolled in training programs are necessary; without them, many workers would lack the financial resources to support themselves and their families while they are in training. Medical and life insurance should also be provided.

Private-for-profit employers should not be rewarded with direct wage subsidies or through the tax system, for activities which they normally would undertake in the absence of the subsidy. Wage subsidies can result in the displacement of regular workers, and participants can find themselves out of work when the subsidy runs out.

Finally, all programs should be 100 percent federally funded. To require any amount of matching state funds can preclude assistance to many economically distressed areas, often at the worst possible time, particularly in cases when an area is heavily dependent on a single distressed industry or employer.

Four Bills Before the Subcommittees

We commend the sponsors of these bills for their efforts, but frankly none of the bills under consideration is fully satisfactory. None contains in full the key elements which we deem essential to the effectiveness of a comprehensive national employment and training program, nor would any of the bills authorize sufficient funds to meet the current need.

1. Community Partnership for Employment and Training Bill (H.R. 5320)

Congressman Hawkins' Community Partnership for Employment and Training bill comes closest to what is needed among the proposed bills.

His bill addresses the employment and training needs of the disadvantaged, and of displaced workers. It recognizes that serving the needs of both is not an either/or proposition. Under the proposed displaced worker program, workers who have been permanently laid off, are facing permanent layoff, or who have obsolete skills would be eligible for re-employment services including job search assistance, retraining, relocation assistance, and various personal support services. Labor would have a prominent role, since labor consultation and approval would be required during program planning and implementation.

Other "pluses" in the bill include recognition of the importance of maintaining labor standards; prohibitions against worker displacement; continuation of labor-administered, local training programs; continuation of allowances to those enrolled in training (including the displaced worker program); public service employment; and a new countercyclical program to target resources to communities suffering high unemployment.

Unfortunately, the bill does not give labor an adequate voice in overall planning of the employment and training effort, apart from the displaced worker program. Instead, business-dominated "private industry councils" would have joint responsibility with the prime sponsor for planning activities; labor's input would be be confined to minority representation.

Also on the "minus" side, performance standards would emphasize job placement without regard to skill development. Wage subsidies for private employers who hire youths aged 16-19 would be permitted, giving rise to the risk of displacement of adult workers. States would be required to fund 50 percent of the displaced worker program, placing a heavy burden on economically distressed areas at the worst possible time.

The Community Partnership for Employment bill would authorize $5 billion in FY 1983, including $3 billion for services to the economically disadvantaged, $500 million for displaced workers, and $1.5 billion for national programs. The proposed funding level is the highest among the four bills, as is the authorization for the displaced worker program.

Even these funding levels, however, would be less than half the amount that was spent on employment and training in fiscal 1980 when the job market was healthier and unemployment was two-thirds of what it is now. The $500 million for the displaced worker program would translate into very limited resources on an individual worker basis. Though no data are presently tabulated, it can be conservatively estimated that at least 2½ million workers a year fall into the "displaced worker" category.[3] If so, $500 million would amount to $200 per year for each displaced worker.

2. Training for Jobs Bill (S. 2036)

This bill also targets resources both to the disadvantaged and the displaced. Potential services to displaced workers include job search assistance, retraining, relocation, and support assistance.

Unfortunately, the bill also has similar drawbacks: states would have to provide half the funds for the dislocated worker program; labor would be denied an adequate voice, as business-dominated "PICs" would make the important decisions; full wage subsidies for six weeks would be available to private employers; and performance standards would not take into account skill level.

There are also additional drawbacks not found in the Community Partnership for Employment and Training bill. "Training for Jobs" would not even require labor consultation or approval in the dislocated worker program, nor would it protect labor standards, provide stipends during training, or allow subsidized public service employment. Furthermore, it is not certain whether labor-administered programs would be continued.

Funding would be $3.9 billion in FY 1983, including $836 million for national programs, $226 million for state-wide programs, $2.7 billion for state and local service delivery areas, and $100 million for dislocated workers. At $3.9 billion, total funding would be less than two-fifths of what was spent in fiscal 1980, and funds available for the dislocated worker program would amount to only an estimated $40 per worker.

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[3] Estimate based on work by Professors Barry Bluestone and Bennett Harrison in which they found that 15 million U.S. workers became victims of plant shutdowns between 1969 and 1976 — an average of 2½ million per year.

3. Productivity and Human Investment Bill (H.R. 5461)

This bill contains certain provisions which appear similar to the other two bills, but it is encumbered by more restrictive language which limits its potential effectiveness.

For example, with respect to the displaced worker programs, to receive assistance a worker not only would have to be permanently laid off, but would also have to meet certain family income/earnings requirements. Requiring a "means test" in such a program would completely defeat its purpose.

The bill would provide for public service employment, but such jobs would pay only the minimum wage and would be of short duration.

Other problem areas include inadequate labor input, wage subsidies to private employers, lack of labor standards protection, no assessment of skill levels, and limited supportive services.

Some $4.0 billion would be authorized in fiscal 1984, including $2 billion for labor market area "investment" activities, $600 million for state responsibilities and $1.4 billion for federal responsibilities — leaving only $70 million for displaced workers, an estimated $28 per worker.

4. Job Training Bill (Draft of 2/22/82)

The Job Training bill — the Administration's proposal — fails to satisfactorily address any of our key concerns. It is a totally unacceptable framework for this country's employment and training effort.

The bill targets limited resources primarily to welfare recipients and disadvantaged youth. The needs of displaced workers are completely ignored. While displaced workers are listed in the bill as one of the groups with special employment problems, no specific program would be established to help them. In order to get any assistance at all, displaced workers would have to compete directly with other needy groups for very limited funds.

Unlike the other three bills which provide for control by local government and require compliance with federal standards and policies, complete control over programs and funding would be given over to governors and business-dominated state job training councils. Governors would have authority, among other things, to plan and fund programs in local areas without the consent of local officials, and to appoint business dominated PICs to approve local job training programs without the consent of local officials or input by labor organizations. There would be no provision for continuation of current national programs operated by unions or community-based organizations.

Stipends for trainees would not be permitted, and no public service jobs would be created. While there is provision to prevent worker displacement, there are no prevailing wage or benefit protections. Performance standards would not assess skill level achieved, and would stress cost effectiveness which will lead to the teaching of only the most basic skills that can be learned in the shortest time.

Only $2.4 billion would be authorized for FY 1983, the smallest amount among the four bills, and barely one-quarter of the FY 1980 spending level.

Conclusion

In conclusion, I welcome this opportunity to present the UAW's views on the vital issues facing your committee. Sound and adequate employment and training programs are an important aspect of the overall economic policies which are needed, if our faltering economy is to be nursed back to health, and the legitimate aspirations of our people are to be realized. We regret that at a time of unprecedented need, the Administration has seen fit to abdicate this key responsibility of government, and to embrace such abdication as a philosophical tenet. We only hope that as a result of your efforts, the Congress can mitigate some of the resulting damage to our country.

Thank you.

ATTACHMENT

Unemployment Rates in Select Major Industrial States

	February 1982 (Actual)
Michigan	16.1%
Ohio	12.2
Pennsylvania	11.0
Illinois	10.1
Indiana	13.9 (Jan)

Select Major Metropolitan Areas Where Unemployment Rate Exceeds State Rate:

	December 1981 (Actual)
Michigan	14.4%
Detroit	15.0
City of Detroit	18.4
Pontiac	26.2
Flint	16.5
Saginaw	16.0
Ohio	11.8
Toledo	12.6
Youngstown/Warren	15.9
Pennsylvania	9.3
Johnstown	14.7
Illinois	8.4
Davenport/Rock Island/ Moline	11.7
Indiana	12.4
Anderson	17.7
Gary/Hammond/ East Chicago	14.6
Muncie	16.6

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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Representative HAWKINS. The next witness is Mr. William Lucy, Secretary-Treasurer of the American Federation of State, County, and Municipal Employees.

Mr. LUCY. Thank you very much, Mr. Chairman.

Our union welcomes the opportunity to testify today on the proposals to revise the Comprehensive Employment and Training Act and the Employment Service. The leadership your subcommittee has provided on Federal employment and training programs is certainly appreciated by the members of our union who are directly involved in these programs.

I am here today to testify on behalf of that membership. Not only those who participate directly in the program, but all the members of our union. We, like all Americans, share concern about the problem of unemployment. As you know, more than 9 million American workers are unemployed. And millions more have given up ever finding a job. Even the once safe public sector lost a quarter of a million jobs last year. Unemployment robs the jobless of their dignity, it cheats American industry of the energies and talents of millions of potential workers, it shortchanges every level of government out of needed tax revenues, and it tears at the fabric of life in every community.

All Americans share an interest in teaching the unemployed new skills and finding them productive jobs. AFSCME urges that Congress build on the strength of existing job training and job placement programs. We urge you not to dismantle programs that work or undertake disruptive experiments. We believe that carefully planned and gradually administered changes in these programs can preserve and enhance the needed partnership between the public and private sectors and among the Federal, State and local governments.

Of all the bills before you today, Mr. Chairman, your bill comes the closest to building on the strength of existing programs. Unfortunately, the administration is asking you to dismantle existing employment and training programs and we would like to make a few points about what is encompassed in those proposals.

The administration proposes more cuts in the Employment Services. This has inspired overwhelming congressional opposition last month to office closings and cutbacks. The administration wants to eliminate the work incentive program in favor of mandatory workfare for welfare recipients. The administration wants to abandon a comprehensive employment and training program in favor of a training program limited to disadvantaged youths and welfare recipients.

This plan amounts to telling millions of jobless Americans that their Government doesn't care whether they learn new skills or find new jobs.

In fiscal year 1981, the Job Service found 3.7 million unemployed people new jobs and filled 75 percent of the vacancies listed by employers. It makes no sense, in my opinion, to cut back the successful program.

The work incentive program provides welfare recipients with job training, counseling and other assistance in preparing for and finding permanent jobs in the private sector. It registered 1.9 million people last year and placed 310,000 in private sector jobs. Again it seems to make no sense to replace this program with the scheme to place welfare recipients in bogus public service jobs in local government.

Mandatory workfare will only disrupt local governments and cheat welfare recipients out of the genuine job opportunies offered by the WIN program.

Lastly, it makes no sense to restrict employment and training programs to disadvantaged youths and welfare recipients when millions of unemployed workers of all ages have been displaced by the national economic recession and by the decline of basic industries. We urge you to reject the administration's plan. We also think you should go slow in reshuffling responsibilities for CETA and Employment Service. It has been very fashionable to criticize CETA. Several of the bills before you propose to correct this alleged failure by increasing the role of the States and private sector. These bills would diminish the role of the Federal Government and reduce the number of local prime sponsors and local service areas. In fact, CETA was originally a highly decentralized program with a minimum of Federal controls. The shortcomings of weak Federal standards and requirements produced demands for reforms. As a result CETA's target and provisions, fiscal and management controls, civil rights protections, labor standards and antidisplacement protections were strengthened over the years. CETA's replacement must contain the same requirements and charge the Federal Government with enforcing them. There is no need to reshuffle private and public or local and State and Federal responsibilities for employment and training programs.

Such changes in the administration of these programs would really mean business as usual. To quote a recent report of the National Council on Employment Policy, and I quote: "The way employment and training programs have been handled in the past can be compared to a farmer who almost every day pulls up his carrots to see if they have grown."

We oppose shifting primary control of the program to the States in the form of a block grant or to the private sector to the private industry councils. There is no conclusive evidence that the States can or would do a better job than local prime sponsors.

Nothing in CETA prevents State and local prime sponsors from coordinating or consolidating their plans and programs. The new law would encourage larger local consortia and coordinated planning between the existing local prime sponsors and their States. This can be accomplished with financial incentives.

Increased private sector involvement is desirable, but we do not believe that the business community can or should run the whole show. The private sector is not accountable to the community at large. The elected official, in contrast, must answer to the public at each election.

This view is supported by a study which was completed for the National Commission for Employment Policy in December 1981 and the study concludes—and I would like to cite a few examples:

One, the private industry council are in no shape to replace prime sponsors.

Two, the private sector has not in the past been very interested in manpower planning.

And third, the private sector has an unimpressive record of service to the disadvantaged.

In short, the private sector's primary interest, making a profit, is not consistent with planning and running the manpower program, especially one for the disadvantaged.

Its role is more appropriately limited to greater participation in the selection of occupations for training and in design of individual programs.

Labor unions as well as business should be involved in the planning and implementing of employment and training programs. We have much practical experience to contribute to the success of training programs and the workers we represent have much to lose if the programs are misused.

Mr. Chairman, in conclusion, our union, the American Federation of State, County and Municipal Employees asks you to build on, not dismantle, the programs that enhance the skills of our work force and improve the productivity of the economy. Thank you.

Representative HAWKINS. Thank you, Mr. Lucy

[The prepared statement of Mr. Lucy follows:]

TESTIMONY OF

WILLIAM LUCY, SECRETARY-TREASURER
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES
AT JOINT HEARINGS OF THE
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
ON EMPLOYMENT AND TRAINING LEGISLATION

MARCH 17, 1982

My name is William Lucy. I am Secretary-Treasurer of the American Federation of State, County and Municipal Employees. AFSCME represents over one million state and local government workers, many of whom have helped administer CETA programs over the years and many of whom are CETA graduates themselves. We also represent approximately 15,000 employees in State Employment Service offices around the country. We appreciate the opportunity to appear here today.

We want to compliment the Members of both Committees for your commitment to, and leadership on, federal employment and training programs. We also want to thank you for your cooperation in dealing with some of the difficult implementation problems we faced under the Public Service Employment (PSE) program, and more recently, with our concerns about preserving the Employment Service as a national public labor exchange.

In addressing the bills before you today, we are guided by two major principles. First, we continue to support an adequately funded comprehensive employment and training program capable of meeting the complex unemployment problems faced by all Americans. Second, we support incremental changes achieved through incentives rather than a dramatic, and possibly disruptive, revamping of the present employment and training system.

Of all of the bills before you today, Congressman Hawkins' bill comes closest to the kind of employment and training system we would like to see. We flatly reject the Administration's proposals.

We are today in the midst of a major economic crisis, characterized by declining production, chronically high interest rates, and record unemployment. While inflation has slowed, it has been lowered largely at the expense of the American worker. Unemployment in February stood at 8.8 percent, compared to 7.4 percent a year ago. In some communities over one fourth of the labor force is jobless. The housing, automobile, and steel industries are in disastrous shape.

Public sector employment already had begun to stagnate before 1980. Between 1975 and 1980 Los Angeles lost 15 percent of its workforce; Philadelphia lost 19 percent; Miami lost almost 12 percent, and Cleveland lost almost 38 percent.

President Reagan's election brought a major assault on public services and aid to state and local governments. Federal funds, which in 1981 accounted for 21 percent of state and local government revenues, declined by $18.7 billion in FY '82. Between January, 1981 and January, 1982, state and local governments lost over a quarter of a million jobs. Boston has laid off 3,000 employees since January 1980. Detroit laid off 13 percent of its workforce in the same period. Chicago laid off 1,300 non-CETA employees last year, and New York City's police force stands at the lowest level in 25 years.

These layoffs have hit minorities and women particularly hard. The public sector has been an important source of job opportunities for them. Now the affirmative action gains of the last 15 years are seriously threatened.

What does the Administration ask of you in the face of these major economic dislocations? The FY '83 budget proposes continued cuts in the Employment Service (ES) despite overwhelming Congressional opposition last month to ES office closings and cutbacks; the elimination of the Work Incentive Program (WIN) in favor of mandatory workfare for welfare recipients; and the abandonment of a comprehensive employment and training program in favor of a training program limited to disadvantaged youths and welfare recipients.

AFSCME totally rejects this approach. We reject the notion that programs to aid the unemployed should be slashed and narrowed when unemployment is high. We reject the idea of workfare as a suitable alternative to the training and private sector job placement activities of WIN. And while we strongly support efforts to aid the disadvantaged, the structural and cyclical problems of other workers also demand attention and help in a manpower program.

We urge you, therefore, to discard the limited scope of the Administration's bill. Instead we urge you to write a bill that offers diverse forms of aid to the broad range of unemployed.

Such a bill should give special emphasis to groups with special unemployment problems. All the disadvantaged, not just those on welfare, should be eligible for assistance. With teenage unemployment rates running as high as 21.7 percent, we must offer our young people an opprotunity for training, career guidance, apprenticeship programs, and job experiences, lest we relegate a whole generation to a life of poverty and despair. We also must provide retraining, career upgrading and relocation assistance to workers adversely affected by changing technologies and industrial and occupational dislocation, if we are not to lose their productive potential.

We are pleased that a number of the bills propose a dislocated worker program. We hope that such a program will be flexible enough to respond to many forms of economic dislocation including those in the public sector. We would like to point out, for example, that a number of states continue to pursue major deinstitutionalization drives in the area of mental health and retardation. Staff cutbacks and institutional closures affect thousands of institutional employees, many of whom live in small towns where employment opportunities are extremely limited. We also think the program should not make it difficult for states with the greatest needs to get aid. In this regard, we question proposals for a matching requirement. How, for example, could the State of Michigan, which lost $700 million in federal aid last year and which has depression level unemployment rates, come up with a 50 percent match?

Training programs can be effective, however, only if they are accompanied by policies to increase employment and productivity. Alone, they can only recycle unemployment or leave trained workers cynically disappointed if they cannot find work. Where, for example, would a welfare recipient trained under the Administration's bill find a job in Detroit?

Obviously, we must depend on an overall economic recovery to produce most new job opportunities. However, in times of deep economic decline, we think it is appropriate for the federal government to help create jobs by financing needed projects through state and local governments. AFSCME recently offered its own program for economic growth in which we called for a $4 billion program to rebuild the nation's badly deteriorated urban infrastructure. Our program also calls other jobs creation activities, such as railroad revitalization, weatherization and economic development projects. There also is a desperate need for child care programs that are so essential for working mothers.

All of these programs should be delivered through an employment and training system that closely resembles the CETA program.

It has become very popular over the last several years to condemn CETA - unfairly we believe. The "fraud and abuse" stories associated with Public Service Employment in 1977 and 1978 damaged the entire program's image. Ignoring the deeply rooted problems of our economy in recent years, some criticized CETA for not producing dramatic payoffs. Others, ignoring the sharp swings in funding and implementation policies, criticized it for not producing orderly labor market planning, and condemn it for not adequately integrating other employment and training activities or focusing more on the private sector.

Several of the bills before you propose to correct CETA's failures by increasing the role of the states and the private sector and by reducing the role of the Federal government and the number of local prime sponsors and local service areas.

Doing this, in our view, really would mean business as usual. To quote a recent report of the National Council on Employment Policy, an organization of prestigious academics and policy experts in the field:

> "The way employment and training programs have been handled in the past can be compared to a farmer who almost every day pulls his carrots up out of the ground to see if they have grown."[1]

While it may be politically attractive to come up with a dramatic new delivery system, it is doubtful that greater success is in any way guaranteed.

Despite the difficulties our local unions sometimes had with PSE, they gradually evolved local working relationships which became familiar and satisfactory to them when combined with a strong federal oversight role. We believe the same can be said of other groups in the manpower system.

It is worth remembering that CETA was the first decentralized program with a minimum of federal controls. The shortcomings of weak federal oversight in the original law produced a demand for reforms to curb fraud and abuse, to improve targetting, and to strengthen anti-substitution protections, labor standards and labor union participation. In 1978 tighter requirements and stronger federal controls were written into the law.

CETA's replacement must contain the same civil rights protections, anti-displacement provisions and labor standards. There must be strong equal pay and benefit requirements as well as training stipends that enable those with little income to participate. CETA's fiscal and management controls and complaint procedure also should be preserved.

Labor unions should be actively involved in the planning and implementation of programs through the comment and concurrence mechanisms evolved under CETA. We have much to contribute to the success of training programs, and the workers we represent have much to lose if the programs are misused.

The Federal government should be charged with enforcing these standards since they are necessary to protect the basic integrity of the program. We have no faith that the 50 states will do an adequate enforcement job. Certainly we would be sacrificing uniformity in enforcement.

Program planning and administration should be performed by a system that closely resembles the current one. We oppose proposals to shift primary control of the program to either the states, in the form of a block grant, or the private sector, through Private Industry Councils (PICs).

There is no conclusive evidence that the states can or would do a better job than local prime sponsors. Indeed, some analysts view the balance of state programs and councils as "the weakist links in the system."[2] A state block grant could result in diversion of scarce resources away from the heaviest concentration of the disadvantaged population.

Nothing in CETA presently prevents state and local prime sponsors from consolidating their plans and programs. Indeed, some states like Washington State, have moved toward statewide planning. But this has occurred voluntarily, and the fact that it has happened so rarely strongly suggests that local officials are skeptical about getting favorable treatment for their communities from their state governments. At the most, the new law should promote larger local consortia and coordinated planning between existing local prime sponsors and their states through incentives.

While increased private sector involvement is desirable, we do not believe that the business community should plan and run the whole manpower system. We do not think it is appropriate for business dominated PICs to select client populations and all the service providers. Nor do we believe they can or want to.

Our views are supported by a December 1981 study on private sector involvement prepared for the National Commission for Employment Policy. The study concludes: 1) that PICs are in no shape to replace prime sponsors; 2) that the private sector has not in the past been very interested in manpower planning, especially when economic times are bad and businesses are more preoccupied with staying afloat; and 3) that the private sector has had an unimpressive record of service to the disadvantaged.[3]

In short, the private sector's primary interest - making a profit - is not consistent with planning and running a manpower program - especially one for the disadvantaged. While we concur with proposals to consolidate the advisory councils into one and to increase the participation of business in the selection of occupations for training and in the design of programs, we do not support letting them run the show.

Reconstituted PICs should remain advisory bodies to the chief elected official who is accountable to the entire community through the electoral process. In addition, the PICs should adequately represent organized labor, the consumers of manpower services, and other related service providers in a planning partnership.

As you consider ways to link the employment and training system more closely to the private sector, we think it is important to remember that the Employment Service is private sector oriented. It is financed through an employer tax under the Federal Unemployment Tax Act, and the private sector actively participates in Job Service activities through employer advisory councils.

The major mission of the Employment Service is to help the jobless find work and to help employers find employees. Last year, the Job Service placed 3.7 million people in jobs. One-third of these people were economically disadvantaged: 40 percent were women; over half a million were unemployment insurance recipients. In addition, the Employment Service filled 75 percent of the job openings listed by private employers. Most of these job placements were of low and moderately skilled individuals with small to medium sized firms.

We do not believe major changes are warranted in the Employment Service. However, we do think incentives for greater coordination with the employment and training system and provisions to help stabilize the Employment Service as a labor-exchange are necessary.

AFSCME believes that the Employment Service should remain a nationwide system of public employment offices. It should perform basic labor-exchange functions as well as data collection based on federal standards. Employers should be required to list all job openings with the Employment Service.

We reject the notion that Job Service functions should be contracted out to private placement agencies. We believe that we need a free public labor exchange available to everyone regardless of their or the employer's ability to pay.

We have been heartened recently by Congressman Findley's decision to withdraw his bill which would have required 25 percent of the Employment Service funds to be contracted out to private agencies. We also are grateful for the cooperation we received from Senators Quayle and Kennedy during the development of S.2036 in this area even though we remain concerned about several provisions in the bill that appear to limit the Job Service and favor private placement agencies.

AFSCME opposes proposals to localize the Employment Service. We have an interrelated nationwide economy and statewide economies to which the present federal-state structure is well-suited. We believe the Employment Service should remain a state-run system with final planning and programmatic decisions remaining at the state level.

However, we support proposals that would increase local input into Employment Service plans and improve coordination between the Employment Service and local manpower system. We think the Employment Service should be represented on the PIC, and that in turn the PIC should be allowed to make recommendations to the state regarding the role of Job Service offices in the local manpower system.

Incentives to link Employment Service activities more closely to the manpower training system are necessary. Close coordination between the two is especially appropriate in the areas of labor market information and basic labor-exchange functions to avoid duplication. Fragmentation of present Employment Service activities, such as the independent Veterans Employment Service in S.2036, run counter to the movement toward improved coordination.

AFSCME also supports proposals to institute a needs based formula for the Employment Service. Such a legislated formula will be very helpful in stabilizing the Employment Service and permitting states and local areas to adapt their services to local conditions - that is, of course, if we can avoid the appropriations roller coaster that has plagued the Job Service funding during the past year. We are concerned, however, that the shift to a needs-based formula not create funding shifts so great that they cause major dislocations in the program. A transition period and hold-harmless may be necessary to avoid office closures.

In conclusion, AFSCME believes that there is ample evidence to show that our existing employment and training and job finding system has been effective. It is not perfect by any means. But it should not be discarded. Instead, now is the time to build on its strengths and to invest the resources necessary to improve the overall skills of the nation's workforce and the productivity of the nation's economy.

We thank you again for this opportunity to present our views on behalf of our members, and we look forward to working with you as you begin writing this important legislation.

FOOTNOTES

1. Management of Remedial Employment and Training Programs in the 1980's; National Council on Employment Policy; January 1982, p.1.
2. Management of Remedial Employment and Training Programs in the 1980's; National Council on Employment Policy; January 1982, p.3.
3. Private Sector Involvement in Public Employment and Training Programs; Randell Ripley and Grace Franklin; Ohio State University; December, 1981.

Representative HAWKINS. Mr. Richard Cordtz.

Mr. CORDTZ. Chairman Hawkins, I am Richard Cordtz, secretary-treasurer of the Service Employees International Union. We represent over 700,000 workers in the United States and Canada.

I will confine my remarks to several matters of particular concern to SEIU and submit more extensive remarks for the record.

SEIU fully supports the remarks of the AFL-CIO and the labor members of this panel. We are committed to working with these committees to pass an employment and training bill which embodies the following principles.

One, a strong Federal role in direction, standard of setting and oversight of program, as well as the capacity to identify and address national unemployment problems in an act as employer of last resort.

Comprehensive scope in addressing the wide variety of causes and solutions for unemployment such as structural unemployment, layoffs, shutdowns and displacement of workers in the private and public sectors, discrimination, and the need for development and realinement of skills.

Two, maintenance of fundamental labor standards such as minimum wage, prevailing wage, equal pay for equal work, stipends and allowances, recognition of existing collective bargaining representatives and their negotiated agreements, and the continuation of all consultation and concurrence requirements in the present law.

Three, recognition of the essential role of organized labor in the planning and oversight.

And four, strong prohibitions against displacement of any employed workers by program trainees or subsidized workers.

Structure of the local employment and training program. Experience in partnership. SEIU shares the concern voiced in all the proposals that there be increased coordination between the various interest groups and Government agencies involved in providing training, placement and jobs. The emphasis must be on the utilization of expertise, nonduplication of effort and above all, partnership.

CETA prime sponsors and the employment service are experts in human resource development, testing, training, referral, and placement.

The private sector must provide the jobs and that job training must be geared to the needs of the marketplace. But the primary goal of business is business. PIC and Employer Advisory Group participants is a part-time effort by industry representatives for whom job training and placement is one interest among many. Labor and community groups representing economic, race, ethnic, legitimate workplace related, and other interests, often ignored by private industry must not be foreclosed from meaningful participation in planning and implementation of an employment and training program.

Therefore, local government agencies are in the best position to take the lead in coordinating these various interests.

We support Representative Hawkins' proposal to retain the present Government structures. We are deeply concerned that all the proposals lean heavily toward a business-dominated program.

NATIONAL PROGRAMS—JOBS CREATION POTENTIAL

Full employment and the shifting of the industrial base and skills requirements are national problems. The proposals for limited continuation of programs presently funded under title III of CETA and the proposals for displaced workers must be expanded.

SEIU represents workers in the service sector of our economy. This is traditionally viewed as an area of expansion. Yet the problems of training and upgrading plague such industries as health care and block increased opportunities for new jobs creation at the middle level which then free up entry level positions.

SEIU developed a comprehensive career advancement and development program to meet these needs in conjunction with CETA and the Bureau of Apprenticeship Training. In 1979, SEIU began an apprenticeship study program. This led to the development of a program designed for training unskilled health care workers for positions as home health attendants, licensed pratical nurses, and registered nurses. As of January 1982 SEIU had placed 750 people in training programs. We have registered 600 apprentices in New York and California in professions ranging from nursing through the hospital dietary technicians and respiratory therapists. SEIU is now planning to apply this approach to other industries.

Such ideas must find their way out of special programs and into the general planning process.

EMPLOYMENT SERVICE

SEIU strongly opposes the attempts to dismantle, restructure, or subordinate the State Employment Service agencies. We represent employment service workers throughout the United States. Not only performing invaluable service in the areas of job counseling, placing, and referral, but what's more, employment service offices have been instrumental in providing testing, screening, and hiring hall functions for major employers located in a State.

Pennsylvania State Employment Service worked with Volkswagen of America to take over an abandoned auto plant in New Stanton, Pa. The agency's testing, screening, and referral services resulted in the placement of 5,400 workers to operate the plant. Employment Service provided these services free of charge. This economic benefit to Volkswagen was a critical factor in the relocating decision.

GM went to the public Employment Service for help and got the endorsement from Larry Vicherie, director of the employee relations for General Motors Corp. In an attempt to interest other employers, Vicherie praised the Michigan Employment Security Commission for its remarkable job of referring 4,200 participants to the GM in 1 year and in one city for improving the quality of new hires for work.

When New Jersey Zinc laid off thousands of workers, the State's Employment Service developed and administered tests to evaluate the employability of 500 workers to help them find new jobs in the area labor market.

Second, we strongly oppose any efforts now or in the future to "privatize" or "contract out" Employment Service functions to private employment agencies. The Employment Service serves the full range of unemployed workers from the welfare population to the presently employed worker seeking alternative employment.

These public employment agencies are mandated to assure compliance with Federal labor and antidiscrimination laws in their own practices and those of employers. Private employment agencies operate for profit. It is to their advantage to cream the unemployed and ignore the traditional unemployable and, often, to track female and minority workers into jobs on the bottom rung.

THE GOAL—FULL EMPLOYMENT AND BALANCED GROWTH

In conclusion, SEIU calls upon the Federal Government to establish a program which promotes full employment. Employment and training programs must address the job placement and training needs of a wide variety of workers. The pool of "disadvantaged" is growing. The problem of displacement is not limited to auto and steel. Public and service sector workers fall victim to budget axes and unstable businesses. The Congress and the administration must make employment its first priority. In doing so, adequate funding must be provided for employment and training. The additional funds must be available to permit the Government to create jobs where the private sector is unable to do so. I thank you.

Representative HAWKINS. Thank you, Mr. Cordtz.

[The prepared statement of Mr. Cordtz follows:]

Service Employees International Union, AFL-CIO/CLC
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TESTIMONY OF THE

SERVICE EMPLOYEES INTERNATIONAL UNION
AFL-CIO

BEFORE

REPRESENTATIVE AUGUSTUS HAWKINS
CHAIRMAN
EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE OF
HOUSE EDUCATION AND LABOR COMMITTEE

AND

SENATOR DAN QUAYLE
CHAIRMAN
EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE OF
SENATE LABOR AND HUMAN RESOURCES COMMITTEE

Joint Hearings on Employment and Training Proposals:
H.R. 5320, H.R. 5461, S. 2036, and the
Administration Proposal

March 17, 1982

Presented By:

Mr. Richard W. Cordtz
International Secretary-Treasurer
Service Employees International Union
AFL-CIO

Introduction: Chairman Hawkins and Chairman Quayle:

I am Richard Cordtz, Secretary-Treasurer of the Service Employees International Union which represents 700,000 workers in the United States and Canada. Thank you for the opportunity to address the issues of employment and training so vital to the nation's labor force.

I will confine my remarks to several matters of particular concern to SEIU and submit more extensive remarks for the record. SEIU fully supports the remarks of the AFL-CIO and the labor members of this panel. We are committed to working with these committees to pass an employment and training bill which embodies the following principles: 1) a strong federal role in direction, standard of setting and oversight of programs, as well as the capacity to identify and address national unemployment problems and act as employer of last resort; 2) comprehensive scope in addressing the wide variety of causes and solutions for unemployment such as structural unemployment; layoffs, shutdowns, and displacement of workers in the private and public sectors; discrimination; and the need for development and realignment of skills; 3) maintenance of fundamental labor standards such as minimum wage, prevailing wage, equal pay for equal work, stipends and allowances, recognition of existing collective bargaining representatives and their negotiated agreements, and continuation of all consultation and concurrence requirements in the present law;

4) recognition of the essential role of organized labor in planning and oversight; and 5) strong prohibitions against displacement of any employed worker by program trainees or subsidized workers.

SEIU will address itself to the local structure of the program, national programs and jobs creation potential, the Employment Service, labor input, and full employment.

Structure of a Local Employment and Training Program: Experience and Partnership

SEIU shares the concern voiced in all the proposals that there be increased coordination between the various interest groups and government agencies involved in providing training, placement, and jobs. The emphasis must be on utilization of expertise, non-duplication of effort, and, above all, partnership.

CETA Prime Sponsors and the Employment Service are experts in human resource development--testing, training, referral, and placement. Much has been done in recent years to improve relationships with these agencies and the private sector through the use of PICs and Employer Advisory Groups for the Job Service. There is no doubt that the private sector must provide the jobs, and that job training must be geared to the needs of the marketplace. There is also no doubt that the primary goal of business is business. PIC and Employer Advisory Group participation is a part-time effort by industry representatives for whom job training and placement is one interest among many. Labor and community groups representing economic, race, ethnic, legitimate workplace-related, and other interests often ignored by private industry must not be foreclosed from meaningful participation in planning and implementation of an employment and training program.

Local government agencies are in the best position to take the lead in coordinating these various interests, skills, and resources and assuring that the specific job needs of local employers and community interests are met. To avoid duplication of efforts, one employer group could be used for all employment and training agencies, and the missions of the training and placement agencies could be clarified to omit overlap. (For example, there is a proposal for "one stop shopping" where the Employment Service would handle intake, referral, and final placement of all job-seekers. The Prime Sponsor would handle training and substantive career development.)

Finally, it is clear that the optimal program will be based on utilizing the collective experience and resources of labor, industry, government, and public interest groups. There is no gain in scrapping the present system, reinventing the wheel, and handing lopsided control of the system to the private sector which may provide some jobs, but has not met the needs of full employment and has a shaky track record on issues of civil rights.

For this reason, we support Representative Hawkins proposal to retain the present governmental structures. We are deeply concerned that all the proposals lean heavily toward a business-dominated program.

National Programs: Jobs Creation Potential

Full employment and the shifting of the industrial base and skills requirements are national problems. The proposals for limited continuation of programs presently funded under Title III of CETA and the proposals for Displaced Workers must be expanded.

SEIU represents workers in the service sector of the economy. This is traditionally viewed as an area of expansion. Yet, the problems of training and upgrading plague such industries as healthcare and block increased opportunities for new jobs creation at the middle level which then free up entry level positions.

SEIU developed a comprehensive career advancement and development program to meet these needs in conjunction with CETA and the Bureau of Apprenticeship Training. In 1979, SEIU began an Apprenticeship Study Program. This led to the development of a program design for training unskilled healthcare workers for positions as home health attendants, Licensed Practical Nurses (LPNs) and Registered Nurses (RNs). In 1980, our program surpassed even our own expectations by registering 360 apprentices. As of January 1982, SEIU has placed 750 people in training programs. We have registered 600 apprentices in New York and California in professions ranging from nursing through the hospital to dietary technicians and respiratory therapists. SEIU is now planning to apply this approach to other industries such as clericals and service and maintenance where upgrading opportunities are sorely needed. Funding for such programs must be continued.

Further, SEIU's experience demonstrates the ability of labor and other interest groups to contribute to the jobs and training needs of the country.

It is just such ideas and training concepts as career ladder development which must find their way out of "special programs" and into the general planning process.

Employment Service

SEIU strongly opposes the attempts to dismantle, restructure, or subordinate the State Employment Service Agencies. We represent Employment Service workers throughout the United States who have performed invaluable services in the areas of job counseling, placing, and referral. What's more, Employment Service offices have been instrumental in providing testing, screening, and hiring hall functions for major employers locating in a state. In some cases, Employment Service assistance has been an influential factor in a locating decision.

The following examples indicate the present capability of the Employment Service to work for the joint benefit of business, labor, and community:

** Pennsylvania's State Employment Service worked with Volkswagen America to take over an abandoned auto plant in New Stanton, PA. The agency's testing, screening, and referral services resulted in the placement of 5,400 workers to operate the plant. Employment Service provided these services free of charge. This economic benefit to VW was a critical factor in this relocating decision.

** ". . . GM went to the public Employment Service for help and got it!" . . . is the endorsement from Larry Vicherie, Director of Employee Relations for General Motors Corporation. In an attempt to interest other employers, Vicherie praised the Michigan Employment Security Commission for its remarkable job of referring 4,200 applicants to GM in one year and in one city for improving the "quality of new hires for work."

** When New Jersey Zinc laid off thousands of workers, the state's Employment Service developed and administered tests to evaluate the employability of 500 workers to help them find new jobs in the area labor market.

Second, we strongly oppose any efforts now or in the future to "privatize" or "contract out" Employment Service functions to private employment agencies.

The public employment offices provide services and fulfill needs which private employment agencies cannot or will not address.

The Employment Service serves the full range of unemployed workers from the welfare population to the presently employed worker seeking alternative employment. These public employment agencies are mandated to assure compliance with federal labor and anti-discrimination laws in their own practices and in those of employers. Private employment agencies operate for profit. It is to their advantage to "cream" the unemployed and ignore the traditionally "unemployable" and, often, to track female and minority workers into jobs on the bottom rung. It is to the advantage of private agencies to work with larger, wealthier employers who pay fees for placement. Employment Service has provided needed services to small business and less populated areas. Private agencies charge fees to job-seekers as well. In today's economy, this may prevent an unemployed person from seeking assistance.

In addition, the Employment Service is an integral part of the Unemployment Insurance system which provides the link between the newly unemployed and the local job market. We feel that that relationship must be maintained. We agree that there must be strong ties to any employment and training or welfare training program and to the private sector, but we advocate partnership of equals--not submersion. Thus we support Representative Hawkins' bill which leaves Employment Service intact and moves to place its funding on a more stable basis. We caution that any changes in funding must include a transition period and "hold harmless" provisions to assure that each state agency can maintain at least its present level of operation.

The popular support for the Employment Service was demonstrated in February of this year when Congress voted with few exceptions to restore funding cuts demanded by the Administration in the FY 82 Continuing Resolution.

The demands of unemployed workers require full funding and expansion of these services.

Labor Input

SEIU must underscore labor's concern over the domination of private employers in the planning and control of the employment and training program. Our testimony has already demonstrated the key role that the public sector and unions have played in both expressing the needs of the unemployed and meeting those needs.

Slavish devotion to the belief that the unfettered private sector will lead this country out of economic crisis has already been shown the lie. SEIU urges these committees to revise the proposals for business-dominated planning and decision-making structures to emphasize the principles of fair representation and partnership described earlier.

The Goal: Full Employment and Balanced Growth

In conclusion, SEIU calls upon the federal government to establish a program which promotes full employment. Employment and training programs must address the job placement and training needs of a wide variety of workers. The pool of "disadvantaged" is growing. The problem of displacement is not limited to auto and steel. Public and service sector workers fall victim to budget axes and unstable businesses. The Congress and the Administration must make employment its first priority. In doing so, adequate funding must be provided for employment and training. Additional funds must be available to permit the government to create jobs where the private sector is unable to do so. The $1.8 billion budget proposed by the Administration barely scratches the surface. Even the Hawkins proposal of $5 billion is inadequate in the specter of 9 percent unemployment projections.

SEIU urges you to reconsider these proposals in light of the comments by the labor community and others. We concur with the AFL-CIO that a matter of this gravity requires serious analysis, and a simple extension of present law may be a possiblè alternative for this year.

Thank you again. We will be available to work with you throughout the legislative process.

Representative HAWKINS. Our next witness is Mr. Reese Hammond.

Mr. HAMMOND. Thank you, Mr. Chairman. My name is Reese Hammond, and I am the director of education and training for the International Union of Operating Engineers, the AFL-CIO affiliate that represents heavy construction equipment operators and repairmen, as well as stationary engineers.

I want to thank the committees on behalf of General President J. C. Turner, who was originally scheduled to appear here today. He is unavailable at this time and in view of the technical nature of some of our suggestions, he asked me to appear before you.

My remarks will refer from time to time to the addendum to this testimony which has been distributed to you.

First of all, I want, in general, to subscribe to the comments of the previous speakers regarding the state of the economy. I want to point out that Federal employment and training policy is important to this country, or there would not have been an Area Redevelopment Act, nor a Manpower Development Training Act, nor a Comprehensive Employment Training Act.

The 20 years of experience and experiment represented by these acts offer both of your committees a wide variety of subjects to discuss during these joint hearings. I will speak to six problems that our union has addressed as a full partner and operator in the operation of employment training programs, both public and private.

Apprenticeship remains the best way to learn highly skilled manipulative jobs. The quality of skill has been described by Bernard De Voto in his book "Across the Wide Missouri," and you will find a copy of his definition on a card in the addendum—a card that might be used as a book marker and reminder as you debate the issue of employment and training policy for skilled workers.

Talent may be generic but skills are learned. Talent is wasted unless it is welded with craftsmanship and that's what apprenticeship does. Our experience has shown that talent is not the exclusive property of any race or sex and so our union urges you to incorporate into any employment and training legislation provisions to continue the targeted outreach programs that enroll community based organizations to assist in the identification, recruitment, and support of minorities and women for our apprenticeship programs.

THE JOB CORPS

The disadvantaged, structurally unemployed are with us today as perhaps never before in history. Teenage unemployment is over 20 percent and black youth unemployment over 45 percent. Most of these kids can work their way into the mainstream of society if someone can get to them and show them how. And that's what Job Corps does and that's what Job Corps must keep on doing. Investment in human resources is as essential an investment as natural resources or industrial resources. Our Job Corps kids may be a slightly more risky investment than your average high school graduate but the alternative costs to society turn that long shot into an odds-on favorite. The Job Corps should remain a national responsibility; it must not be reduced and when the opportunity occurs, the Corps should be expanded. The 10,000 completers and placements from the building trades unions are 10,000 reasons why.

The interface between the artisan and the technician and the professional increases every day in the age of automation and information. Tomorrow's skilled work force will be an amalgam of mental and manual skills unlike anything we could have imagined in the past. Someone has to program the computers, but others will have to maintain the robots. Someone has to program the robots, but others will have to maintain the computers. They may be the same people and because of that fact employment and training legislation should encourage, if not mandate, increased articulation between academe and the world of work.

This articulation should be open-ended and work both ways—with both educators and the apprenticeship community having equal voice and vote. On the Senate side as you address the emerging skill shortages referred to in Senate bill 2036, I suggest that it is an appropriate time to call a nationwide conference to explore indepth the myths and facts concerning apprenticeship and its impact on America's skilled work force.

Defense industry labor shortages are relatively easy to identify but without skilled workers to provide the infrastructure upon which the Defense Establishment is built, there can be no dependable defense effort. Senate 2036 should be broadened in scope and address all anticipated skill shortages.

The Department of Defense spends more money on training than any other institution in the United States, if not the world. Any dialog on unemployment and training policy should incorporate discussion of those elements of armed forces training that are identical with civilian skills. That is referred to in my addendum at appendix D.

As performance-based training and competency testing assumes a larger role in apprenticeship and skill training, it will be easier to objectively identify the strengths and weaknesses of an individual's performance in a given trade.

Training is too expensive in the 1980's to permit redundancy. The training programs of our union and our employers have inplace performance checklists which have been validated under the uniform guidelines for testing which enable us to ascertain the level of performance of any individual who can operate major pieces of heavy construction equipment. Developing these measures was extremely costly but one that will be justified in terms of more effective training.

One last comment, Mr. Chairman. While Federal employment and training legislation must quite properly address the problem of equal access to apprenticeship, it must also encourage, if not mandate, quality egress from apprenticeship. Unequal training is the rankest form of discrimination because it results in and perpetuates unequal ability. Thank you.

Representative HAWKINS. Thank you, Mr. Hammond.

[The prepared statement of Mr. Hammond (with attachments) follow:]

Statement
by
Reese Hammond, Director of Education & Training
International Union of Operating Engineers
before
Joint Senate-House Hearings
March 17, 1982
on
Employment and Training Bills

My name is Reese Hammond and I am the Director of Education and Training for the International Union of Operating Engineers - the AFL-CIO affiliate that represents heavy construction equipment operators and repairmen, as well as stationary engineers. I want to thank the committees on behalf of General President J. C. Turner who was originally scheduled to appear here today. He is unavailable at this time and, in view of the technical nature of some of our suggestions, he asked me to appear before you.

My remarks will refer from time to time to the addendum to this testimony which has been distributed to you.

Federal employment and training policy is important to this country, or there would not have been an ARA, an MDTA or a CETA. Twenty years of experience and experiment offer both of your committees a wide variety of subjects to discuss during these joint hearings. I will speak to six problems that our union has addressed as a full partner in the operation of employment training programs, both public and private.

Apprenticeship remains the best way to learn highly skilled manipulative jobs. The quality of skill has been described by Bernard De Voto in his book "Across the Wide Missouri." You will find a copy of his definition on a card in the addendum - a card that might be used as a book marker and reminder as you debate the issue of employment and training policy for skilled workers.

Continued Involvement of Community Based Organizations

Talent may be generic, but skills are learned. Talent is wasted unless it is welded with craftsmanship, and that's what apprenticeship does.

Our experience has shown that talent is not the exclusive property of any race or sex, and so our union urges you to incorporate into any employment and training legislation provisions to continue the targeted outreach programs that enroll community based organizations to assist in the identification, recruitment and support of minorities and women for our apprenticeship programs.

The Job Corps

The disadvantaged, structurally unemployed are with us today as perhaps never before in history. Teenage unemployment is over 20%, and black youth unemployment over 45%. Most of these kids can work their way into the mainsteam of society if someone can get to them and show them how. That's what the Job Corps does, and that's what the Job Corps must keep on doing. Investment in human resources is as essential as investment in natural resources or industrial resources. Our Job Corps kids may be a slightly more risky investment than your average high school graduate, but the alternative costs to society turn that long shot into an odds on favorite. The Job Corps should remain a national responsibility. It must not be reduced, and when the opportunity occurs, the corps should be expanded. Our building trades unions can give you 10,000 reasons why.

Skill Shortages and the New Nature of Apprenticeship

The interface between the artisan, the technician and the professional increases every day in the age of automation and information. Tomorrow's skilled work force will be an amalgam of mental and manual skills unlike anything we could have imagined in the past. Someone has to program the computers, but others will have to maintain the robots. Someone has to program the robots, but others will have to maintain the computers. They may be the same people - and because of that fact, employment and training legislation should encourage, if not mandate increased articulation between academe and the world of work. This articulation should be open ended and work both ways, with both educators and the apprenticeship community having equal voice and vote. As you address the emerging skill shortages referred to in Senate bill 2038,I suggest that it is an appropriate time to call a nationwide conference to explore in depth the myths and facts concerning apprenticeship and its impact on America's skilled work force. Defense industry labor shortages are relatively easy to identify, but without skilled workers to provide the infrastructure upon which the defense establishment is built, there can be no dependable defense effort. Senate 2038 should be broadened in scope and address all anticipated skill shortages.

The Armed Forces and Apprenticeship

The Department of Defense spends more money on training than any other institution in the United States, if not the world. Any dialogue on employment and training policy should incorporate discussion of those elements of armed forces' training that are identical with civilian skills. In the addendum accompanying my testimony, material dealing with armed forces apprenticeship is at Appendix D.

Compentency-Based Training

As performance-based training and compentency testing assume a larger role in apprenticeship and skill training, it will be easier to objectively identify the strengths and weaknesses of an individual's performance in a given trade. Training is too expensive in the 1980's to permit redundancy. The training programs of the IUOE and our employers have in place performance checklists that have been validated under the Uniform Guidelines for Testing - which enable us to ascertain the level of performance of any individual who can operate the major pieces of heavy construction equipment. Developing these performance measures was an extremely costly effort, but one that will be justified by improved training, improved retention of "winners" and earlier termination of "losers." While federal employment and training legislation must quite properly address the problem of equal access to apprenticeship, it must also encourage, if not mandate, quality egress from apprenticeship. Unequal training is the rankest form of discrimination, because it results in and perpetuates unequal ability. Legislation that comes out of these discussions and your deliberations should require that federal employment and training support of all kinds go only to training programs that produce measurable results.

Proposed Relief From the High Cost of Training

I have mentioned the high cost of training several times. I will conclude by suggesting ways to assist private industry in our training functions. I have selected five typical pieces of heavy equipment that can be found on just about any sizeable construction job and I have determined purchase price and rental costs.

MACHINE	PURCHASE PRICE	MONTHLY RENTAL
Caterpillar D-8L Bulldozer	$297,000	$12,700
Caterpillar Model 12 Grader	143,200	6,100
Caterpillar 631 Scraper	425,800	18,200
Front End Loader, 950-B	129,900	4,900
50-Ton Hydraulic Crane	250,000	14,000

These are the machines that our members operate on the job, and they are the machines we need in our training programs. They are almost prohibitively expensive and so, as I mention at the end of the text in my addendum, we rebuild and restore excess government equipment to do a major portion of our training. But quality training requires quality equipment and so, from time to time, we borrow or lease equipment from our contractors. Under the existing Internal Revenue Code, there is no way that an employer can receive any tax relief for loaning equipment to our tax exempt educational programs, and so we get very few loans. Should a contractor donate title to a piece of equipment, he could claim an educational deduction, but at $135,000 to $485,000 per item, there are no donations. This problem would be significantly relieved if Sec. 170(f)(3) of the code were modified to permit some tax relief to employers making a bona fide educational contribution by loaning current models of equipment to our 501 (c) 3 tax exempt training programs.

One last word regarding encouragement of quality training by employers. If, as a matter of public policy, every employer were to be required to invest in training at 1% of gross income, then employers not providing such training could be assessed 1% of gross income to be paid into a special federal training account in a fashion similar to the Industrial Training Boards established in the United Kingdom in 1974.

The several proposals you have before you touch some of the subjects I have covered in a variety of ways. None of them touch all of the topics I have reviewed. Our presentation before this joint session is a broad outline of our concerns, based on a quarter of a century of experience in private industry. We hope that you consider them as you deliberate, and offer our assistance in any way we can as you establish federal policy for the next several years in this important area.

Thank you.

Addendum to
STATEMENT

Mr. Reese Hammond, Director of Education and Training
International Union of Operating Engineers, AFL-CIO
before
Joint Senate-House Hearings, February 24-26, 1982
on
Employment and Training Bills

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The growth of formal construction industry apprenticeship between the International Union of Operating Engineers and our employers has paralleled the growing concerns of the federal government with employment and training policy for the past two decades. As we have built a labor-management training system which now spends annually in excess of $20,000,000 of private funds to train heavy equipment operators for the construction industry, we have also attempted to respond to public policy as it has emerged in federal law over the last twenty years. No man is an island, and no union can exist isolated from the inequities of society. Indeed, the sole purpose of an organization such as the International Union of Operating Engineers is to correct inequities, as we see them, for our members on the first hand, and for society as a whole, as a close runner-up.

PRIVATE POLICY

In the employment and training field, we have the responsibility to provide our employers with the right person,with the right skill,at the right place,at the right time. We have an even more basic responsibility to our members to provide them with the opportunity to continuously improve their skills to keep pace with the rapid technological change in the design and operation of heavy construction equipment, so that they can maximize their opportunity for employment.

This is why we have 63 joint training trusts that have been negotiated between our local unions and employers over the last twenty years, with contributions ranging from three cents per hour worked to thirty-four cents per hour worked by each covered employee. As noted, these contributions total about $20,000,000 annually and are spent solely to provide training to our apprentices and our members. Our union and our employers have accepted the obligation of industry training and we do it with private funds. As of June 1981, we had 6,698 apprentices indentured. Sixty-seven percent of our young learners are white, 33% of them are nonwhite, 83% are male and 13% are female. (See appendix A for the historical record of IUOE apprenticeship.)

In addition to our registered apprentices, we retrain and upgrade an average 15,000-18,000 persons per year at 72 training sites across the country.

PUBLIC POLICY

Since 1962, and the passage of the Manpower Development and Training Act, until today, our union, our employers and our joint training trusts have carefully analyzed each successive change in federal employment and training policy and, where appropriate, have taken positive steps to assist in the implementation of these shifting priorities.

We joined the War on Poverty in 1966 when we were the first trade union to "join the Job Corps." Since that time, we have had more than 2,000 disadvantaged youngsters complete our Job Corps program and have placed 86% of them at entry wages averaging $6.10 per hour, plus health, welfare and pension protection. (See appendix B for a more detailed description.)

In 1972, in cooperation with selected colleges, we pioneered the concept of granting post secondary academic credit for our apprentices' related classroom instruction and on-the-job practicum. The National Joint Apprenticeship and Training Committee for Operating Engineers estimates that annually more than 2,000 Operating Engineer Apprentices obtain college credit for their apprenticeship, opening the door to further academic achievement.

(See appendix C for a more detailed description of the Dual Enrollment Program.)

In 1975, the Department of Defense adopted the apprenticeship system, modified to fit the mission of the armed forces. The first military occupational specialties to be registered with the United States Bureau of Apprenticeship and Training were those for heavy equipment operators and repairmen.

This registration culminated some five years of cooperative exploration by representatives of the International Union of Operating Engineers, our employers,and representatives of the U. S. Army Corps of Engineers. While much remains to be done to achieve broad articulation between the Army Engineers and the private, civilian sector of the construction industry, there is now a system in place that could have an extremely beneficial impact on our Armed Forces, particularly the reserve components. (See appendix D for a more detailed description of the Armed Forces Apprenticeship Program.)

Beginning in 1976, the International Union of Operating Engineers, with the enthusiastic support of our employers, initiated a five year study to develop performance standards for all of the major pieces of equipment operated by members of our union. This five year, million dollar effort was in part defensive, but more important, it was designed to establish a valid basis for future training. We have completed the job analyses; we have developed performance standards; we have validated performance checklists, and are currently well into the job of modifying our training materials to incorporate the knowledge we developed.

The cost of training heavy equipment operators is high, and no one can afford to pay that cost twice. Once an individual has truly mastered a task, both common sense and economics say that s/he should move on to learn more rigorous and demanding elements of the craft. (See appendix E for a more detailed description of the development of performance-based training for heavy equipment operators.)

The purchase price of heavy equipment has tripled in the last ten years. The cost of operating heavy equipment has gone up more than 400% since the OPEC embargo. These skyrocketing costs have had a severe impact on our training programs and have reinforced our efforts to economize in every way we can. Use of excess government equipment provides a major opportunity to keep equipment costs down. Excess heavy equipment is, by its nature, older and worn out. Such equipment is uneconomical to repair in the normal course of government operations, but because it is rebuilt by our apprentices as a training assignment, it is cost effective to use this equipment for training purposes. These old, rebuilt machines are satisfactory for training entry level skills, but for more advanced training, we must provide current models of each machine. A number of our contractors will loan us machines from time to time, and others will rent equipment to the training trusts at reduced rates from time to time, but in general, we are still faced with huge expenditures when we need to lease new bulldozers, backhoes, loaders and similar equipment. Prior to 1969, the rental value of machines donated for a period of time to our training trusts was tax deductible. The Tax Reform Act of 1969 prohibited tax deductions when less than an employer's entire interest in such property is donated.

APPRENTICE INDENTURES

International Union of Operating Engineers

(As of 6/30)

						(WHITE & NONWHITE)	
YEAR	TOTAL APPRENTICES	WHITE M & F	WHITE % M & F	NONWHITE M & F	NONWHITE% M & F	WOMEN ONLY	WOMEN %
1967	2172						
1971	4661						
1972	5475	4220	77%	1255	12%		
1973	5421	3881	72%	1540	28%		
1974	6171	4259	69%	1912	31%		
1975	6008	4145	69%	1863	31%		
1976	5654	3915	69%	1739	31%	45	.79%
1977	5139	3437	67%	1702	33%	76	1.4 %
1978	5694	3816	67%	1878	33%	131	2.3 %
1979	6830	4640	68%	2190	32%	496	7.0 %
1980	7150	4819	67%	2331	33%	751	10.5 %
1981	6698	4521	67%	2177	33%	854	12.8 %

Representative HAWKINS. Mr. Nicholas, president, National Union of Hospital and Health Care Employees.

Mr. NICHOLAS. Thank you, Mr. Chairman. At the outset of my testimony, I would like to make two very essential points:

One, first we must train for jobs which really exist.

Second, the keystone to any successful job program is upgrading. The area where the jobs exist, in my opinion, is with the Nation's third largest employer, that is in the health-care industry.

I would like to demonstrate where the jobs are. In the professional and technical areas, there are no jobs available at the low end. Most health-care employers have put a freeze on the entry level jobs. I was reading one of the reports by OAS in November and that report said, and I quote, "Employment is expected to grow much faster than the average due to increased demands for medicaid and medicare," and they were talking about the nurses' aide job. Our experience has been that most institutions are phasing out the nurses' aide jobs and are training for jobs that require a license and other credentials. It is important that we do not put one worker to work and put another worker out of work. And that has been one of the failures of the CETA program.

Our organization, the National Union of Hospital and Health Care Employees, have operated one of the Nation's most successful programs. Secretary of Labor Ray Marshall cited our program as being the model for training in the health delivery industry. The Labor Department sponsored a delegation, a trade delegation from Australia, to spend 1 week studying the operation of that program. We believe that Congressman Hawkins' proposal most closely puts the necessary money in place that we think will be necessary to operate any successful program.

What we are concerned about is that any program that is developed must involve both labor and management. We believe the kind of program that we have made successful in the last 10 years is a clear example where there is a commitment that these kinds of programs can work.

We were one of the first unions in the country to participate jointly in this CETA effort. And our activities have proven successful. We have not only used money that the employers have put in, but we have been able to go out and find private money to aid in this endeavor. We have been able to train nurses' aides to be registered nurses. In every hospital in the country, there is a need for at least 50 to 100 RN's and if you have them, they could start working tomorrow. There are hardly any jobs at all for the unskilled worker. And if we are going to think seriously about developing the program, the first priority is to train where there are jobs and that will cost money. If you train a nurses' aide to be a licensed practical nurse, then you can move an unemployed worker in to backfill the job. It must be an upgrade in the ladder that leads to jobs that exist, and we believe that the statistics tells us that there are a lot of jobs.

I was reading the Washington Post and the Philadelphia Inquirer on Saturday; there were 10 pages of want ads and all of those jobs were for health-care employees. There were only four jobs out of 10 pages that anyone could qualify for. They were looking for sleep-in companions. All of the other jobs required either a license or other credentials. So if we can agree that health care is one of the major industries, it will stand to reason that we have to train for jobs that exist.

Another point I would like to make is that the legislation must accommodate workers whose jobs are being threatened, not just people who have already lost their jobs. Eligibility standards must be designed to meet this retraining goal. If health-care training is to be a focus for job programs, serious and expensive, 1- and 2-year programs which leads to guarantee employment must be the model. Legislation and funding must accommodate this goal.

In all of the bills, I question the need for the job developers, the employment specialists, the job generators. Train for jobs for which there is a clear demand and then lay off and retrain the job developer. I question the mandated expenditure level for youth ranging from 30 percent to 50 percent. Train motivated qualified people to meet the demand no matter what their age.

I believe that the current system in place provides the best guidelines and the union supports the other representatives from the labor movement in this position on this legislation. Thank you.

Representative HAWKINS. Thank you Mr. Nicholas.

[The prepared statement of Mr. Nicholas follows:]

TESTIMONY

OF

HENRY NICHOLAS, PRESIDENT

NATIONAL UNION OF HOSPITAL AND HEALTH CARE EMPLOYEES RWDSU/AFL-CIO

ON

FEDERAL EMPLOYMENT AND TRAINING LEGISLATION

Wednesday, March 17, 1982

before

Senate Subcommittee on Employment and Productivity

House Subcommittee on Employment Opportunities

I am President of the National Union of Hospital and Health Care Employees, RWDSU AFL-CIO. In New York, New Jersey and Pennsylvania we have formed a consortium of the union and 100 of the major hospitals and health care providers in these metropolitan areas. We believe we train more hospital workers than any other organization in the country.

Analyzing manpower needs and unemployment seems to have focused on reading the want ads in the Washington newspapers. In the Philadelphia Inquier of January 31st, there were 30 pages of want ads. Of this total, 10 pages, over 1/3 of the available jobs, were in the health care field. Obviously any federal jobs program must depend heavily upon our industry and the training be directed toward health care jobs.

Of the 10 pages of health care jobs, someone without experience or training in health care would qualify for four of those positions - live in companion jobs. This is a fact in health care employment which many people do not realize. Our field is overwhelmingly licensed, accredited, and credentialed. If you have the appropriate credentials, there is a job available. If you do not have the credential, you absolutely cannot get a job.

The District 1199C Training and Upgrading Fund is a union-management educational trust. The employers contribute funds which we jointly administer for the upgrading of workers into the technical and professional jobs for which there is such a great demand.

In addition to the funding provided by the cooperating hospitals, we have received substantial amounts of outside money, public and private. We have been receiving about $1.5 million a year from CETA. Using these funds, we have trained and placed almost 1,000 CETA graduates in professional and allied health employment, and directly placed several thousand other unemployed persons into health care jobs. For this endeavor, we were cited several times by the former Secretary of Labor as a model of union management cooperation. The U.S. State Department also asked us to host an Australian trade delegation.

These are facts and figures. There are real people behind them. One of our ward clerks is now the only female biomedical engineer in the City of Philadelphia. One of our former nurses aides has a Masters Degree in nursing and is on the nursing faculty of a local college. And a great many people who had never had any job are now full time health care professionals who by working are becoming eligible for further training under the Union's benefit package.

I would like to make two major points in my testimony. First, we must train for jobs which really exist. This seems obvious but the health care field demonstrates it is not. For example, the Office of Employment Security constantly reports nursing aide as a high demand occupation. In their November 1981 study of the Philadelphia area, OES says of nurses aide- "employment expected to grow much faster than average due to increased demand for medical care."

In reality, there is a vast oversupply of nursing assistants. Our union has been faced with several major hospitals eliminating the job entirely and laying off all the nurses aides. What we are seeing is a phantom image of nursing aide jobs. Jobs do exist in nursing homes, at minimum wage and lower, with no health benefits or job security, double shift work required on demand, no week ends off etc. Workers flow in and out of these jobs as their tolerance and survival needs dictate. We have created a health care equivalent to migrant farm labor. But at any one point in time, there are more workers than there are jobs. However, official figures report this as an extremely good job opportunity field.

Instead of designing training programs toward occupations like nursing aide because they are inexpensive, we need a program to meet the industry's real demand, and its commitment to hire.

All of our employers are suffering from an acute shortage of registered nurses. All of the major hospitals are looking for between 50 to 100 nurses each. Nurses are holding full time jobs and working extra shifts at other institutions for premium pay. In some cases, RN's negotiate a wage for an individual shift on the hospital floor. And if they do not like the offer, they go home. Our employers are recruiting nurses from around the world, Ireland, the Philipines, India, and South Africa. This has created a life threatening situation in health care; an acute staff shortage, nurses working many extra shifts, working in strange hospitals where they are unfamiliar with procedures and many nurses have severe language barriers.

All of this is happening in a city facing staggering unemployment - black teenage unemployment over 50%, and with thousands of experienced health care workers in deadend jobs, eager for an opportunity to be nurses. This outrageous situation shows that industry, left to itself, may opt to recruit and fly nurses from round the world rather than retrain American workers, or train the unemployed.

My second point is that the keystone to any successful federal job program is upgrading.

Long ago, our union recognized what is now obvious in the health care industry. The field is becoming highly skilled and technical. Faced with this reality and its implications for our members, we made the organizational decision not to oppose technological advances, no matter how threatening. In exchange, we insisted that workers who had given long years of service to health care should be offered the opportunity to advance with the industry. Enlightened management agreed.

And contrary to what many skeptics thought, we have demonstrated it does work. Given an opportunity, and time, and a motive, illiterate workers learn to read, service workers learn calculus, nurses aides become practical nurses, practical nurses become RN's, maintenance workers become biomedical engineering technicians and yes, RN's become MD's. Upgrading in the health care field gives service workers a chance to escape dead end jobs, and frees an entry level position for an unemployed person.

But if there is no upgrading in the federal job program, then in health care, you will either train the unemployed for entry level positions which no longer exist, or you will train for professional and technical positions and in the process dislocate current service workers already threatened by the new certification requirements and technological advances. Again nursing is an example. If the federal government ignores the current service workers and trains the unemployed to be practical nurses, this will hasten the lay-off of our nurses aides. You will have put one unemployed person to work, and one employed person out of work.

To eliminate or restrict upgrading in a federal job program is saying to hospital workers it is federal policy to plan your job loss and simultaneously prohibit you from retraining. After you have gone through the degrading intermediate steps of job loss, unemployment compensation, welfare, food stamps, and a lien against your house - then we will agree you are eligible for retraining. We do not need crisis retraining. We need retraining in order to avoid a crisis. Retraining on an orderly systematic basis, up a career ladder that already exists to positions for which there is a huge demand.

In regard to specifics in proposed bills that impact on these issues:

1. The total dollar amount in the Hawkins bill is the most realistic in terms of the task to be done and what it will cost to do it.

2. The legislation must accomodate workers whose jobs are threatened, not just people who have already lost their job.

3. Eligibility standards must be designed to meet this retraining goal.

4. If health care training is to be a focus for a job program, serious and expensive, one and two year programs which lead to guaranteed employment must be the model. Legislation and funding must accomodate this goal.

5. In all of the bills, I question the need for job developers, employment specialists, job generating etc. Train for jobs for which there is a clear demand and then lay-off and retrain all the job developers.

6. I question the mandated expenditure levels for youth ranging from 30% to 50%. Train motivated qualified people to meet the demand, no matter their age.

In summary, I have been speaking about one third of the advertised, available jobs. If health care training is done properly, it is expensive, but leads to guaranteed, permanent employment. If health training is done by amateurs or on an entry level basis, it is a waste of money and the crying needs of the industry will go unanswered.

Representative HAWKINS. I see Mr. McGlotten has come in since we started. Mr. McGlotten, Mr. Roberts I think went to bat for you. Do you care to make a brief statement?

Mr. McGLOTTEN. No, I don't, Mr. Chairman. In view of the time factor, I think that we can get along with questions at this point.

Representative HAWKINS. Thank you. The Chair wishes to thank the panel. May I ask first of all, with respect to the current situation in which we find ourselves, we seem to be discussing pending legislation which is futuristic in its impact, while, in a sense not utilizing what is in the statutes today. I think every witness has indicated the seriousness of the situation. Not only the economically disadvantaged who began this recession in a critical condition, but the millions who have been added since that recession deepened a little over a year ago.

So that we seem to be at the present time struggling to do something about this situation while dismantling what machinery is available at this time. It is as if the recession is a surprise and that the current legislation which is in the statutes is useless.

It would seem that there would be no need to address the situation next year if we are not prepared to do something about the current situation. I think most of the witnesses did touch on the value of having a jobs bill but nobody seems to be dealing with why there is a failure at the present time to not only deal with the situation, but to turn one's face the other way.

In dismantling the CETA program, which had provisions to deal with loss of employment, the plant closures, and the displaced workers, the administration is proposing to deal with the serious problem of unemployment in 1983 with merely 900 million dollars.

There are three major bills on this matter; my bill, the Jeffords bill, and the Quayle bill. But they all rely on what is vaguely referred to as the private sector. The first question, therefore, I would like to ask the members of the panel and would like to have it from any one of you who might have the immediate thought available: Who is the private sector? Does it include only those for profit enterprises? Does it include labor? To what extent is the main reliance on the private sector as specifically mandated in the administration's bill and a little less clear in the Quayle bill? Will this initiative be able to handle a crisis such as we are now involved in, anticipating that if we don't do any better we will be in another crisis very soon, and we still would not have a manpower program to deal with the crisis.

I wonder if there is anyone who would respond to what extent the labor movement is included in the private sector and to what extent would you be included in any of the proposals that may be pending at this time?

Mr. McGlotten.

Mr. McGLOTTEN. May I respond to that? First of all, we in the labor movement consider ourselves a part of the private sector, certainly. And we think that any kind of planning in job training should be an equal partnership. I am certain that the business community as such is just what it is. It is the business community. They are in business to make money, and they are not in business to do a variety of things which we feel we are compelled to do because of the nature of our business, and that is protecting people.

Whether it is on the question of wages, hours or working conditions, safety or health, we are part of that private sector and we think it ought to be an equal partnership.

The other thing I would like to add is that whether it's business, labor, or the public community, unless there is some direction on the part of the Congress and/or the administration, to talk about a policy relative to manpower and training, Mr. Chairman, we won't have anything because that policy is precisely the avenue that we need to give us the kind of direction that's important for those of us in the various unions to train people, those in the private sector to say that they are going to need jobs. Unless there is a policy, Mr. Chairman, it will not happen.

Representative HAWKINS. It is pretty obvious that the administration doesn't have a policy and that it does not conform to the 1946 Employment Act or the more recently passed Full Employment and Balanced Growth Act. It has not instituted a new policy while at the same time dismantling what little policy we had.

Assuming all of this to be true, would you agree then that there is a complete abdication of Federal responsibility in terms of the President's proposal?

Mr. McGLOTTEN. There is no doubt about it, Mr. Chairman.

Representative HAWKINS. Well, would you think that if the responsibility is passed on to the State, we will have a State abdication as well? Is the State any more sensitive to local conditions than the Federal Government or any level above the local level?

Mr. McGLOTTEN. The State may indeed be sensitive as the local elected officials may be sensitive. But unemployment is not a State problem, not a local problem; it is a national problem. It is not a regional problem. And once the Government says that the Governor is going to solve all of the problems within that State, that is certainly untrue. There is no way that they can solve all of those problems.

For instance, in the State of Michigan, we have almost 23 percent unemployment. In the State of Oklahoma, where they are now drilling for natural gas, there is a need for a variety of people that possibly can transfer their skills from Michigan to Oklahoma. There is no way for those two Governors to really communicate and come up with the various programs to send those unemployed workers from Michigan to Oklahoma. But if we had a national program, with the involvement of the Federal Government, they could oversee a variety of programs, they could very well do this. But you can't isolate this, Mr. Chairman. I think that there is no doubt about it that this administration thinks that something happens by osmosis. Nothing happens by osmosis. Things happen because people do something and it is precisely the reason why my colleagues and I have testified. If, in fact, the administration will not do anything, it is important for the Congress not to abrogate its responsibility to give us a national manpower policy.

Representative HAWKINS. Let me ask this final question.

Do you think that any employment and training proposal that does not include a specific component that deals with those who may be technologically displaced in the economy is justified or is desirable? In other words, should there be a specific program directed at groups other than those who are merely economically disadvantaged?

Mr. McGLOTTEN. Clearly, the unemployment statistics and the demographics of the unemployed workers at this particular time clearly indicate that we have to have a comprehensive program, Mr. Chairman. We have to have a program that deals with the disadvantaged. As Mr. Nicholas said, those individuals can possibly go in at the bottom end of the ladder while you move other people up. We certainly have to deal with those who are displaced. Mr. Chairman, it will take a comprehensive program to deal with the problems that we are facing today in order for us to say to the American people that the Congress of the United States does care something about unemployment and are willing to address that issue.

Representative HAWKINS. I assume then that you disagree with the idea that merely suggesting that 10 or 15 percent or any small percentage of the total funds, could be used for this purpose. In addition to this group, we have migrants, farm workers, inschool youth, and so forth—that is not that type of a window, or what I would call a knothole, perhaps, not a window—the initiative is just too small to take care of all of the other groups.

Mr. McGLOTTEN. Mr. Chairman, it is totally inadequate. Clearly what this administration has tried to do is really substitute what they call their manpower program for the WIN program, which they now have discontinued. That is clearly what they have attempted to do.

Representative HAWKINS. The Chair's time is up.

I yield to Senator Kennedy.

Senator KENNEDY. Thank you very much, Mr. Chairman. I want to welcome the panel here this morning. I see many good friends on this panel and I particularly appreciate their willingness to share their views with us. I have had an opportunity to go over their testimony and I must say it's extremely helpful and useful to us in the Senate and we'll look forward to working closely with you as we include and incorporate many of these suggestions.

When we had Mr. Donovan here, we were talking specifically about the administration's program and about some of the alternatives and then Secretary Donovan talked about the general economic recovery program of this administration.

Chairman Hawkins has reviewed the legislation that is on the book which puts a very important responsibility at the national level in terms of providing jobs for the unemployed. It would appear to me—and I would just ask the panel whether they would not agree—that this administration appears to be, instead of recognizing a responsibility for developing the economic programs to put people to work, actually using unemployment as a way and as a means of fighting the problems of inflation. And this burden has fallen upon a small segment of our society, a burden which I think is of concern to all of us and a burden which ought to be fairly and equitably felt across the Nation, rather than just on certain groups.

I wonder if that's an impression that your membership is gathering as well. I am interested in getting a quick response from the panel on this.

Mr. LUCY. The only question that our membership has is the question that virtually the whole country is coming to the same conclusion on, the economic program of this administration, if you want to call it that, raises some very serious questions as to whether or not the recovery will be there at all. If so, what the meaning of it will be to not only the disadvantaged but to workers who have been displaced during ths current situation. I would only want to make the further point that if we look at the funding levels from fiscal year 1981, which in terms of the size and scope of the problem, didn't even begin to meet it for those workers who were out of work or displaced at that point certainly a substantially reduced level of support will not deal with the problems that are generated by the current recession and what we will be experiencing in the future.

Senator **Kennedy**. Mr. Nicholas.

Mr. **Nicholas**. I think there is a serious problem we face. I talked to not only the members that I represent, but there is a growing feeling in the community that absolutely no one cares. I was in a meeting on Thursday night of last week before a group of workers and they are literally frightened; they are working today and the frightened part of their feeling is that in their opinion, that the administration is stealing from the poor and feeding the rich and the position they have is that they are not going to let their kids starve. But if they lose their job, they intend to see that their kids eat. And that is a frightening kind of feeling when you are not working, and yet you are going to feed your kids. It tells us that we have to do something. And it is a sad commentary when there appears to be no help at all coming from where the poor people have normally looked. And I think there is a feeling across this country that absolutely no one cares about no one but the rich.

Mr. **Cordtz**. Mr. Senator, I pointed out in part of the testimony about our experiences in Michigan and my colleague gave the figure of 23 percent unemployment. I think that one of the things we have to address ourselves to is that the funding for the job placement and the unemployment benefits in States affected as they have in the past, big industrial States, have been funded by the Federal Government. We now are confronted and faced with no funding from the Federal Government and the State, without having any revenue of its own to be able to demonstrate those services, where back in 1975 when there was a slump so to speak, in the auto industry in Michigan, we found then that the Federal Government was funding the people to be able to place unemployed people on jobs. Now we find that they have reduced that staff in half at the most critical time. And it is all a lack of funding.

Senator **Kennedy**. We tried to make that, as you remember, a battle on the floor of the U.S. Senate. And I think that for the reasons that you pointed out, it makes absolutely no sense whatsoever.

But would you not also agree with me that in the area of training, we find that at least they were training 3 million workers 3 years ago and now they are talking about training 1 million workers at a time when you have had a significant growth in unemployment. This makes no sense at all.

Mr. Chairman, I think it would be useful to review what other administrations did at other times in our history. If you look back over the times when we were facing the problems in the recessions of 1974 and 1975, even under other Republican administrations, we saw a whole range of different programs that were put into place because this Nation at that time was committed to say that we are not going to put the battle against inadequate economic policies on the backs of the unemployed.

And I think it would be useful to have at least some of that material included as part of the record and would like to work with you in developing that, because I think it would be important to show what can be done, and what this Nation has done at other times and what it is not doing at the present time.

My time is up. I want to thank all of the members of the panel for their presentations.

Representative HAWKINS. Thank you, Senator. On that suggestion we would certainly instruct the staff to assist in the preparation of that background material for use by the members of the two committees.

The Chair would like to announce that the bells do not indicate any action of the House, but merely of significance to the Democratic members; it is the democratic caucus, so do not be disturbed by the lights.

Mr. Weiss.

Representative WEISS. Thank you very much, Mr. Chairman.

The administration seems to be intent on having the private sector take over the planning and the running of the various training programs. I am sure that many of you had labor people involved in some of the employment advisory councils. How has that worked out in your experience? Is there any justification on the administration's part that if labor continues to participate that in fact the whole thing is going down the drain?

Mr. MCGLOTTEN. Contrary to that notion, Congressman Weiss, that is not the case at all. I am not certain where this notion came from that 51 percent of business makes everything equal. It mystifies me. I mean, basically, by and large our human resources development institute which did have programs in some 53 cities, which now is cut to 12, basically had some experience in the various manpower planning councils.

And much to our amazement there was very little, depending on the location, whether or not business did participate or not. Mainly it was a variety of community-based groups and various other factors, but very little participation by business. So I am a little bit mystified why everything becomes equal once you have 51 percent of business.

Representative WEISS. Mr. Lucy, in the course of your testimony you referred to the mandated workfare, a program being included in the administration's program this year. And that is sort of ironic in the context of the administration's total rejection of any kind of public service component of the employment and training program. Would you expand as to what you see as being the impact of the work program based——

Mr. LUCY. Well, the true meaning of the workfare arrangement is really not to give an unemployed worker or displaced worker meaningful employment. But rather to give someone who is receiving public assistance something to do for the receipt of that assistance. And that, in itself, is a rather demeaning and undignified use of human power.

Second, the fact that a worker would work beside another worker receiving benefits, receiving salaries, and receiving the true product of decent work it seems to me is a demeaning process. It's been not only our opinion, but our experience that the detriment has flowed to those who were forced to participate in this kind of a process. We think that should be a public service component of any manpower program, that's a sensible component that involves the conduct of public services, those that in many cases fall within the normal functions of Government and then in some cases those which have not traditionally been the functions of Government.

There are some areas where jobs can be created there to take advantage of the talents of many people who are currently receiving public assistance. We think that the diminution of benefit levels or the denial of benefits would be detrimental to individuals. And we certainly think that this is a dangerous program to proceed on.

Representative **Weiss**. Mr. Nicholas, in the course of your testimony, you said that a lot of your people, the people you represent, had the sense that, I think I am quoting correctly, that absolutely no one cares.

Here is a situation where we have the highest level of unemployment, official unemployment since the depression. The unofficial levels added to that really bring it up astronomically high. The administration indeed is operating on the premise that nobody out there seems to care. What is your perception as to how people across the country seem to be viewing the attitude of the Government. Not just your employees, but perhaps general feedback that you are getting from communities across the country.

Mr. **Nicholas**. Basically there are two kinds of frustration because they are unable to recall the present administration. The other is anticipation. One, that summer will be coming and if there is no means of work, they intend to feed their family by waiting for those who are coming from work. And that's the kind of fear that you have to live with in the community. A worker who has to work clearly, who has a job, clearly now understands that he or she is under community demand to share their earnings one way or the other. Either work out a way where the worker who has no means can share in what the other worker worked for, or that person will take it when he gets off the subway, off the bus. It is going to be serious out there. And the fact that summer is coming makes it even more frightening.

I would urge his committee to just visit some of the communities where the unemployment—back in Philadelphia where the unemployment in the black community is perhaps the highest. Visit one of the communities; arrange one of these hearings in the community; talk to the people. It is very serious.

Mr. **Lucy**. Mr. Weiss, could I just pick it up from where Henry was. Not too long ago our organization took part in the national poll with regard to the, I guess, the anxieties of people and we found, and this is a fairly good poll, that 50 percent of the people who responded, 50 percent anticipated being unemployed in the next 12 months.

Now, that's dealing with people who are lucky enough to be working. Can you imagine the impact that they feel, the anxieties that they feel in terms of their own situation and translate that into the feelings of someone who is unemployed, with no prospects of being employed. Those who have been structurally unemployed for over a long period of time cannot hope to get any consideration to the present kinds of programs that are being put forth by this administration.

Representative WEISS. And yet you know it is true from my vantage point that we do not get the kind of urgent demand for programs and funding in this area as we do in other areas where there are cuts that are much more immediate and imminent and I suspect that there is a lack of communication in some way. The administration, I think, perhaps is being lulled into believing that nobody out there really cares, that this is one that they can get away with. And the question, I guess, is what do we do to bring forth the kind of anxiety which you say exists out there.

Mr. LUCY. It would seem to me that if this administration is seriously concerned about hearing the needs of people, they would have dispatched some of their people to the unemployment offices around this country and talk to those people who are there in lines that are three and four and five times as long as they used to be; and you get a fairly accurate reading on the concerns of people nowadays.

Representative WEISS. They don't want to know. They really would rather not know. I am convinced of that. The question is how do we override that. How do we make the expression of discontent and anxiety so clear that they can't ignore it.

Mr. LUCY. Well, let me just suggest that on September 19 of last year and while it is not posed as the ultimate in expression, community groups, concerned groups, the religious community, groups of all kinds came to Washington, D.C., to express to the body of Government the sense of concern that existed across this country. And it was not, in my opinion, an antiadministration gathering. It was a gathering to say that in the opinion of lots of people that the priorities of this Nation have become somewhat distorted. We should really be turning back to Government playing the role that it should play; that is, providing those things for people that they cannot provide for themselves.

Clearly holding jobs is the uppermost thing on the minds of people throughout this country.

Representative WEISS. Thank you, Mr. Chairman.

Representative HAWKINS. Mr. Jeffords.

Representative JEFFORDS. Thank you, Mr. Chairman. First of all I listen with interest and have read the statements that I had to be out on and find your testimony most helpful.

I do share some of your concerns about whether we are going too far in relying upon private industry to accept the burdens here. I think that when we draft a bill, we will try to make sure that there is a balance, perhaps more than any of us have right now.

There is one area that I do have concerning your testimony and that is the attitude that the unions have concerning youth employment and primarily the problems of getting a young person that first job.

Your views have, at least traditionally, and seem to be still, that there should be nothing in the sense of subsidization, or youth differentials, or anyway to give an incentive for an employer to hire a young employee for his first job.

I would like your views on how, if you don't do that, you see a young person being able to break into the job market as against someone who does have some job experience.

Mr. NICHOLAS. The problem that we constantly had with that is that there have never been a bona fide commitment to youth. The employers, as we have seen them, have wanted to give those kind of considerations for a Federal tax writeoff. The union is concerned that any suggestion that they are putting this youth to work on a permanent job. In the past that has not been the case.

One of the organizations that have always been most conscious of its responsibility have been the labor movement. We have always been willing to help, always been willing to participate, but what we have said, that we want to see something that is real and what has been the fault in the past is that they said we want you to yield a little in your collective-bargaining agreements so we can put these teenagers to work. We don't want to put the teenagers to work at the expense of the adults. We send out the teenagers to work and provide them a future and we support that position. There has not been a case where a job was at the end of that experience.

Representative JEFFORDS. The problem I have with that is it seems to me the young person is an employee of last resort. And that if an employer is looking and one of the things he looks to is what has your work experience been and the employer's argument is that it is impossible for me to hire the employee for a period of time to give them the training because the productivity is such that I lose hiring that employee. And the answer on the other side is OK, then we will subsidize the wages, or we will assist in getting over that productivity problem.

Your answer to that is that somehow, some way, when there is a job opening and there is nobody else around with job experience, then he ought to be given an opportunity. And I think that that really puts a younger person at a very serious disadvantage.

Mr. NICHOLAS. I would like to respond because one of the serious natures of our attempt as a Nation is that at the age of 17 this country made me equipped in 30 days to fight on the battlefield, to perform any task in defense of this country, but yet can't put my brother at that same age in an occupation. Where there is a concern by the administration to make something work, it will work. The labor unions have supported that method. That which it wants to work, will work, and work well. There has not been a social commitment to poor people in this country.

Mr. LUCY. Let me just make one point. I am not sure that that problem is the size that we make it. At least some recent studies has indicated that there is a substantial shift taking place in the job arena itself. A substantial shift from the industrial base, component, and manufacturing goods for decent jobs, truly a service side. And I think there is at least one congressional committee that indicates it certainly is in the not too distant future, 70 to 80 percent of the jobs that exist now will be in the service sector.

So it isn't a question of whether or not there is a great need for experience in order for young people to go to work. There are jobs for which their skills will allow them to be trainable. These jobs, tragically enough, are in the low-wage areas.

One incentive already exists. It is called the minimum wage. My view in that is that it is tragic. If, as brother Nicholas said, the Government desires to use the skills and talents of these young folks, there can be the proper incentives given to business, given to the service sector, to include them in the work force.

Representative **Jeffords**. Mr. McGlotten.

Mr. **McGlotten**. Congressman, let me make two points from this issue.

One is that I agree, certainly, with everything Henry said and what Bill had said thus far.

Let me make one observation in addition to what they are saying. When you have a society that moves basically from 70-percent industrial workers to almost 50 percent, which we are now facing at this time in service workers, we have very, very serious problems which no one is looking at.

Let me give you a case in point. First of all, there are a number of economists who talk about productivity and the whole question of it going down. There is nothing that you can measure relative to how we perceive productivity or the industrial base today. You can't measure that in the service base and we are going to 50 percent of our total work force in terms of service. OK. Because service basically feeds upon service so there is a big question of how you measure that. And if that is the case, what I am suggesting to you is that there needs to be a requirement for a decent manpower policy in the United States. There also needs to be an overall policy and a social commitment to deal with the whole issue of looking at young people 20 years from now, as to where they are going to have a job. Not just the disadvantaged, today, that we are facing now, but also their needs 20 years from now. We can't tell a youngster today what kind of future he is going to have. We cannot do that and I would suggest to you that we have got to get about the business of doing that in terms of overall manpower policy.

So the problem that you are talking about is compounded. In all of the programs, thus far, that we have had to deal with concerning the whole question of youth, we still have a tremendous amount of unemployment. Why do we have a tremendous amount of unemployment? Because we have also adults unemployed and the employer is quick to hire the adult who has the experience rather than hire the youth who he has to train. Also, the tax incentives that you give him, you know it is just not profitable for the employer to do that.

Representative **Hawkins**. Mr. DeNardis.

Representative **DeNardis**. I would yield to Congresswoman Fenwick, if she has some questions.

Representative **Fenwick**. I don't want to interfere with the gentleman's priority.

Representative **Hawkins**. I say that under the rules adopted for the joint hearings, the Members from the House side were supposed to be seated——

Representative **Fenwick**. Unlike a cow——

Representative **Hawkins**. Unfortunately you seated yourself on the right, ideologically perhaps, as well as physically, but——

Representative **Fenwick**. I am glad to see that the Chair——

Representative **Hawkins**. The gentlelady from New Jersey.

Representative **Fenwick**. I thank my colleague and the chairman for the courtesy. I am struck by what we have heard hear this morning. And it seems to me that one of the most important things we have heard is that the Defense Department has the biggest training program in the world. We should not be proliferating programs; there should be cooperation between those training programs and the training programs that are being built outside that Department.

But my experience is very different from that and it is not irrelevant, I think. It was brought to my attention by the AFL-CIO organization of my county that an excellent program was going down the drain. The AFL-CIO, the business counsel, the coordinator for CETA, all of them were determined to have this program. It was shot down 2 years ago by the Department of Labor here in Washington.

Now, we must have some more flexibility, it seems to me, in the rules by which these programs are governed. What happened? What was the difficulty? Not the regulation that says you must not take, through CETA, the job of another worker. That the company was satisfied not to do. This was a training program for some 35 young people.

The regulation that hurt provided that nothing that the trainees made could enter into the profit stream. The company, a pharmaceutical company, and one of the best in the country, said that they expected that as the trainees developed in the training program, which was quite a lengthy one, they would make some things that would pass inspection. It is ridiculous to throw away the material and so on.

The regional labor director, a good Democrat, a former opponent of mine in the congressional race, agreed with me and tried to get the Department of Labor to agree. But the corporation counsel was fed up with all the delay, with the danger of a suit, and the whole program went down the drain.

And so, I may say, did similar programs planned by other companies in the area because we had a very good CETA Administrator. We had other programs organized with the Department of Labor and the labor unions whereby trainees entered into the apprenticeship program directly after the training program and we had the same thing with companies in the area promising $10,000 a year jobs to the graduates.

So that there was proof it can work. Business, and labor, and an honest CETA Administrator can get together but not if they are going to be thwarted by regulations which are imposed at the request of labor and difficult to change.

I have several questions. Is it wise to pay people to take training? Don't we perhaps put training in some category where it doesn't belong? It is a privilege. It is a stepping stone as you said—and I do so agree with you—to the upward mobility. If they are taken care of by welfare and food stamps, and other aid, is it wise to treat training as though it were a job? I think skills training ought to be a privilege which is offered free to those who wish to take advantage of it.

Because otherwise you create, I think, the wrong emphasis on some of these jobs. In my own experience title III has been absolutely wonderful. We have a title III program operating in my State—100 percent of the graduates are employed in the private sector, and by private sector I mean in business or by individuals. It's a home-health-care project.

Now, Mr. Nichols, I was struck by what you said. Those four jobs. Yes. Yesterday a man was lunching with me. He and his wife had offered $200 a week, board, and lodging, and couldn't find anybody to take the job.

Those four that you spoke of, there is where we would have good opportunity for employment. People are crying for help; for someone to help out in the home with a baby or with an elderly person. I don't know why we don't pay any attention to that. A decent, kindly person doesn't need very much training for that. On the other hand, as I understand it, we are forbidden to even mention such a thing.

Our New Jersey Employment Service, of course, operates as all State employment services do but I can only tell you that when I worked in Newark as consumer director, they couldn't provide people for the meatcutters union. Imagine. And that's a prestige—high-paid group. I simply called the NAACP, of which I am a life member, the Urban League, all the groups with which I am associated. I filled those in 8 days. I don't know where the zeal comes for doing what we're supposed to do. I don't understand why we can't move more sensibly to join together these programs that seem to offer some hope for the future.

In all the fields where there are paraprofessionals, workers ought to, after a year of working under a professional, get a paraprofessional license. Then they can go on to higher training just as you suggest.

What do you think? Would it be out of the question—and I can't see a very happy face among those before me—if we treated training as a privilege and a gift rather than a job——

Mr. **Nicholas**. The question of a privilege, and I do not see it as a privilege.

Representative **Fenwick**. All education is a privilege, if it's free. Primary and secondary education in school is the base. It is wonderful that the society can provide this for children. It's a wonderful thing.

Mr. **Nicholas**. I think we have two problems. One, we have a job within industry that is moving to more skill and licensed jobs. There are hardly any jobs available for workers who have no skills. So you have a work force, a large work force, whose workers have a minimum amount of skill, so you have to move that group up. Because if you train the worker on the street——

Representative **Fenwick**. I am with you on that. I agree with you on that. You are absolutely right. But what I am asking you is do you think it would be impossible to take the attitude that—as you said—no one knows what's going to happen 20 years from now. No one ever did. No young person ever did know or adult either. The change in technology, the shift from industrial to service jobs. Nobody could foresee these things. You can't have certainty.

Mr. McGlotten. Mrs. Fenwick, let me say to you that that is true. But certainly if you view what's happening around us in terms of our international situation, we had better wake up. Clearly what is happening in Japan and what is happening in the Scandinavian countries, they are taking a look 20 years down the road. When I was a youngster 20 years ago, certainly there were a lot of employment opportunities because we had a bigger industrial base. There were a lot of things totally different.

You spoke of the individual who was trying to look for someone to do some jobs. Well, we can see that basically everyday that maybe they didn't advertise in the right way. I have an article right here where in Colorado there were 300 openings in a meatpacking plant and 1,500 people showed up.

So clearly there are individuals out there who want to work. The question is whether or not people are advertising in the right way and whether or not those people can match the skills. But my statement relative to 20 years from now, is a factor in point that we very, very seriously must look at in terms of planning for our human resources.

We have a situation that we must continue to take a look at.

Representative Hawkins. Mr. DeNardis.

Representative DeNardis. Thank you, Mr. Chairman. Gentlemen, I thank you for your appearance here this morning and the very valuable testimony that you have prepared in written form and now in this format.

I am a new Member of Congress, a new member of this distinguished subcommittee. After 10 years of service in a State legislature, where I had an interest in this subject and I carry it forward now here in the Congress. I cannot claim to have had any important role in the past shaping of national or even signficant State policy in this area, but I have done a lot of reading and I have visited a lot of training programs because of my interest in the matter. And I am trying to assess why we are at this juncture, where you all come and lament the fact that we apparently have no employment training policy fixed for the future.

It seems to me that the administration is going to take a shortcut through what they regard as a maze of offices, hierarchies, bureaucracies, paperwork, and so on, that they want to take a shortcut through a system that they feel hasn't worked terribly well over the years. They seem intent to try to put into place, or have the Congress put into place a simpler, more direct, and presumably more effective approach.

Quite frankly, gentlemen, although I carry no brief for that approach, it is getting a lot of attention. Getting a lot of attention for one, their critique of the system and, two, for cutting through a lot of this in trying to put together in a most direct fashion training programs for jobs that they feel exist and will exist over the next few years.

You have taken issue with that, you have raised some important questions, but for all the criticism that we can lay on others and there is enough criticism I suppose to be applied generously all around, what can you do better? What can the labor movement, which has got the most important stake in all of this, the Nation, of course, but the movement as a subset of that. What can you do better? I ask this question in light of very important and eye-opening visit that I made not too long ago to Japan to experience the Japanese economic miracle and while it is a miracle at one level you know, and there are many successes to report, there are warts in that system, there is in any system. So I try to look at it in a balanced approach.

Can we get off of this adversarial situation that we have been in, labor, business, Government. Can we get our act together? Can we begin to face the challenge that is here? We are living in a global economy and it is no longer an internal situation. We are being challenged very, very strenuously and successfully, in a number of areas; not just by the Japanese, but others. And we have to get our act together. How can we do it?

Mr. CORDTZ. Mr. Congressman, when we talk about getting our act together, in your observation of just going to the Nation of Japan, how can we all sit here and talk about a nation that we rebuilt and that is now one of the most competitive to our country and we can't get our act together here in the United States. When you ask organized labor what are we doing, we've been doing everything conceivable to promote the betterment of the working people in this country. Not just union members, but every worker, and if we talk about getting our act together, we've got to have the partnership of Government to give us the wherewithal to be able to do that. And we aren't getting that cooperation or that partnership.

And until we do, we can't get our act together.

Mr. HAMMOND. There is no right-to-work committee in Japan.

Mr. LUCY. Mr. Chairman, I would suggest that organized labor as an entity has submitted any number of suggestions as to directions we could take. We have a weak economy that is not going to get stronger under current economic policy. But if we were to seriously approach the question of becoming economically competitive again, we would take a look at rebuilding the Nation's cities because there are thousand, upon thousands, upon thousands of jobs, meaningful jobs, involved in the kinds of programs that could be put into effect there.

We could take a look at rebuilding our rail system which would make our products a little bit cheaper by the time they get from the manufacturer to the market. We could certainly take a look at the highways around this Nation that need rebuilding and our ports that would make our economic infrastructure a bit stronger and a bit more competitive.

Under the current program, potholes will be getting large enough for you to lose M-3 tanks in them. And they won't be repaired. The streets, the water systems, of this country will deteriorate simply because there is not the commitment to the rebuilding of the cities which is the base of this Nation.

We can't really seriously talk about manpower and training when in effect our policies are contradictory to that. If the current revenue projections are accurate, we will have a substantial Federal shortfall which will make the problem even worse. And it would seem to me that the question isn't what can we do better. The question is whether or not in addressing the question of those who are being displaced and those who are currently unemployed, whether or not we can come up with a humane and sensible approach to their problems. At the same time a meaningful approach to overall economic policy. I mean, our problem is not you versus us or us versus them. It is what do we want to seriously do to improve the economic status of this Nation as a whole.

Representative **DeNardis**. I thank both of you for your response and I certainly don't mean that we are going to settle this question in a brief exchange of views. I simply wanted to make a point which I think needs to be made and needs to be pursued. That's my frame of mind, and I hope it's the frame of mind of others.

I yield to the lady from New Jersey.

Representative **Fenwick**. Thank you. I am struck by what you said. And I think you are right. I think there are many who favor a gasoline tax devoted to repairing the roads; in other words, a higher gasoline tax. Would you support that?

Mr. **Lucy**. Yes, I would.

Representative **Fenwick**. And how about a review of the Railway Labor Act, to make railroads more competitive?

Mr. **Lucy**. I would not want to comment on the Railway Labor Act because it gets a little bit too intricate for me. But I think that the transportation system of this country seriously impedes ability to compete—I think that a total look needs to be taken and where we can produce meaningful jobs. What we are talking about now, as brother Nicholas pointed out, the industrial base of this country has changed since 1948.

Representative **Fenwick**. Yes; but what we really need is to have jobs for export. So that we can get foreign money in paying for American jobs. That's one of the essentials. It's got to be——

Mr. **Lucy**. I would argue then that of those who receive the substantial portion of the tax break would invest those dollars here in this country——

Representative **Fenwick**. I agree. That's what I think too.

Representative **Hawkins** Thank you. Senator Quayle.

Senator **Quayle**. Thank you very much, Mr. Chairman. Sorry to get here a little bit late this morning, but I want to thank the panel for their input and their testimony and particularly those that mention the section of my bill and also the section of Congressman Hawkins' bill that deals with the displaced worker.

I believe that this is a very real problem that we are facing, it is a new element that we must consider in the training issue and one that can't be overlooked.

I have one question. I was just going through the testimony that was submitted by Mr. McGlotten. On page 9, toward the bottom, you say, and I quote, "a simple extension of the current system for a year or two would allow more time for analysis and opportunity for incremental improvement in areas where problems arise."

We are on our third day of hearings, and I believe this is the first time that we have had anyone suggest that we have a simple extension of the current system for a period of a year or two. I wonder what you would think that the reaction as far as budget would be from the Congress if we just extended CETA a year or two.

Don't you believe that if, in fact, we would give serious consideration to that, that it would probably be a good way for the opponents of CETA, and believe me, there are a lot of them in this Congress, as you well know, to make a very tough argument that this is a good area that we ought to really cut funding and do away with completely. There are many that would like to do that, and I wonder, if we would really seriously undertake that suggestion, we may be playing into the hands of the opponents of CETA and a national training program.

Mr. McGlotten. Yes, Senator Quayle. Let me say that a historical perspective is always important when you start to discuss a variety of issues and I think certainly in the context of dealing with a simple extension, historical perspective is very, very important.

First of all, No. 1, is that basically in 1973 when CETA was instituted, it was the first attempt by the Congress of the United States to address itself at least in semblance to a comprehensive manpower program. That was the first time. Under the old MDTA Act it only dealt with the whole question of automation and cybernation. It neglected the whole question of the disadvantaged, and the poor, and youth. At least in CETA, in terms of 1973, we started to address that question. In 1978, we had amendments to CETA which basically tried to address some of the structural changes, the administrative changes that were necessary to make it more viable in the various communities.

But, also in 1973, one of the things that we said to the Nixon administration at that particular time, and the whole question of dealing with the old federalism as opposed to the new federalism that they wanted to put the money on the stump and just turn their backs and run. And what we indicated to them at that particular time is that there should be some administrative overview.

There is no problem with the basic structure of the CETA program. The problem with CETA has been basically the public service employment. Why has it been on public service employment? Because it basically was abused, and it was abused because we didn't tighten up the structure until 1978. And, yes, there are plenty of opponents of CETA. But the proponents of CETA have been afraid to really talk about what has been the real problem in CETA and it hasn't been the basic structure.

Now what we are facing and what I see now, is a move away from dealing with at least an attempt to talk about an overall manpower structure. That's why I am suggesting that maybe, just maybe, it may be wise to have a 1-year extension to review all of the issues to make sure that nothing falls through the cracks so that we can have at least a structure of a program that addresses itself to everyone's needs.

Senator Quayle. All the pieces of legislation that have been submitted do change the structure. Some go further than others.

Mr. McGlotten. That's correct.

Senator Quayle. There is obviously a very credible perception that CETA in fact does not work. And I am speaking strictly of perception. We can argue statistics on whether it has been as successful as it should have been on a comparison basis of placement and the return of monetary value to CETA clients and non-CETA clients. I don't want to get into that argument. I think that's for another time.

What I am suggesting is that all of the serious proposals that have come forth do talk about a structural change. Most of us are committed to getting this legislation this year. I think it would really be much to our disadvantage if, in fact, we don't get a training bill this year I am not sure we could get a simple 1-year extension through the Congress. I think it would be very, very difficult from a political sense, to get through.

Therefore, some of the people that you are mentioning that may be falling through the cracks, we may miss the first time around; and we may have to make some adjustments. I have wanted always to keep an open mind on how we can improve the system. And that's why I believe that it is imperative that we all get in this boat together and row toward a new structure. To provide training to those people that need it; to provide training to those people that are being displaced and have no real chance of going back. I think that is the challenge put before us. And I just want to thank all of you for your efforts.

I wonder if I could ask just one question of anybody that might want to comment. This issue of partnership has been discussed for the last 2 days and I presume it will be talked about today, as we talk with labor and community-based organizations, youth organizations, et cetera. Tomorrow we will be hearing from some of the business organizations and we heard from mayors and the Governors and the Secretary of Labor himself; all address themselves to the partnership. Partnership of public-private-business-labor and these various organizations working together.

Do you perceive this as an important element of getting the comprehensive training bill that is really workable and that will have a credible presentation to the public and to be accepted? Does anybody want to comment on that?

Mr. NICHOLAS. The labor movement has always maintained, and too often not listened to, but in terms of the salvation of this country that we all are in the boat together. We think it's important, but the problem that we have had in the past is that the labor movement have been looked upon as someone with the plague. And in this administration we are looked upon as less than the plague. Something dreadful. If anything is to work at all, we have to be a partner. And history will indicate that the labor movement have always played its rightful role, its rightful share, made its rightful concessions, for the interests of this country but we have to be involved in the planning, in the carrying out of these programs.

Mr. HAMMOND. It is a simple fact, Senator, there wouldn't be any highly skilled training in the organized areas in this country without the labor movement participating in it.

Representative HAWKINS. With the indulgence of the cochairman, may I address just briefly the question of what happens if there is no bill actually agreed to by this Congress. It is the Chair's understanding that under the Omnibus Budget Reconciliation Act of 1981, which we adopted, that if the Congress does not agree on a bill by September 10, 1982, that the current CETA system is continued for a year. I would like to verify whether that is true or whether that is the situation or not.

Senator QUAYLE. I believe the situation is, If the Senate would pass a bill or the House of Representatives would pass a bill, then that vehicle would be the one that would take precedence.

Representative HAWKINS. So it does not necessarily mean that the full Congress would have to act on it.

In the Budget Reconciliation Act, what is the exact language. Is it either House, if either House has passed a bill there is a continuation of the program?

Senator QUAYLE. If neither House has passed a bill.

Representative HAWKINS. If either House has passed a bill, then that bill would prevail? Then there is no automatic extension? What would prevail under that condition? Then the continuing resolution would address the question, is that it?

Senator QUAYLE. We have to address the question, and I believe that if we would get into that very unfortunate predicament, Mr. Chairman, that you would find a mounting political pressure to further reduce training. There will be mounting political pressure, if the Congress can't get together on a training program, to say maybe we don't need one. I can hear the arguments right now. And they will be forthcoming. So that's why I think it's very indicative of all of our witnesses that have talked thus far, and you and I have committed ourselves to work as diligently as we possibly can to get a training bill because we do not want that dire potential.

Representative HAWKINS. The Senator is correct. Thank you.

May the Chair again thank the witnesses on this panel. Just before the next panel comes up, the Chair would like to ask a unanimous consent request. There has been a great deal of discussion on the availability of the current legislative authority to deal with plant closures that are occurring around the country, in almost every area of the country.

In my particular congressional district, as an example, General Motors has recently closed its doors as well as Firestone, Goodyear Rubber, and other factories. The Chair would like to request that we formally, at this joint hearing, request the Secretary of Labor to make an accounting of what current funds are now available in this area, under existing authority and what existing authority of law if funding could be made available, could be used to meet the current situation. The purpose of the motion is to address the issue not merely what we may do in the future, but what can currently be done. And it is my offhanded understanding that there is authority in the existing law to address this situation, provided additional funding is made available.

If there is any discussion or opposition to the request; I assume there is none. The request then will be formally made to the Secretary of Labor.

[The information refered to follows:]

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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
B-346A RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

March 23, 1982

The Honorable Raymond Donovan
The Secretary of Labor
Department of Labor - S2018
Washington, D.C. 20210

Dear Mr. Secretary:

My District, as many communities around the nation is experiencing severe unemployment as a result of plant closures and indefinite layoffs in manufacturing plants. Most recently, the GM Assembly plants in South Gate and Fremont, California discontinued operations resulting in layoffs of thousands of employees that have been a part of these plants for decades.

Most of the employment proposals under consideration to replace the expiring Comprehensive Employment and Training Act provide for employment, retraining and relocation services for displaced workers. However, those proposals will not take effect until October at the earliest. Under current CETA there is authority for upgrading and retraining under Title II-C, and programs for displaced workers have also been funded under Title III.

Please advise me what funds may be available in the Department of Labor to provide emergency training and employment assistance to these workers whose unemployment is causing such severe dislocation in communities like mine around the country.

Sincerely,

Augustus F. Hawkins
Augustus F. Hawkins
Chairman

AFH:baw

U.S. DEPARTMENT OF LABOR
SECRETARY OF LABOR
WASHINGTON, D.C.

APR 20 1982

Honorable Augustus F. Hawkins
Chairman, Subcommittee on Employment
Opportunities
Committee on Education and Labor
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of March 23, outlining your concerns for recently unemployed and soon-to-be unemployed auto workers in your district.

Please be assured that we are exploring every avenue available to provide assistance to these workers as requested in your letter. I will advise you as soon as options and alternatives for such assistance have been identified.

Sincerely,

Raymond J. Donovan

Raymond J. Donovan

Representative HAWKINS. The next panel will consist of representatives of community based organizations. Mr. Pedro Ruiz Garza, national director, SER-Jobs for Progress; Rev. Leon Sullivan, chairman of the board, Opportunities Industrialization Centers of America; Ms. Maudine R. Cooper, vice president, Washington Operations of the National Urban League, Inc.; Ms. Jane P. Fleming, executive director, Wider Opportunities for Women, Inc.; Mr. Othello Poulard, director, Employment Training for the Center for Community Change, testifying on behalf of the Jobs Roundtable; and Ms. Rosalie Tryon, executive director, ADVOCAP, Inc.

The first witness is Mr. Garza, national director, of SER-Jobs for Progress. Mr. Garza.

STATEMENTS OF PEDRO RUIZ GARZA, NATIONAL DIRECTOR, SER-JOBS FOR PROGRESS, INC., DALLAS, TEX.; REV. LEON SULLIVAN, CHAIRMAN OF THE BOARD, OPPORTUNITIES INDUSTRIALIZATION CENTERS OF AMERICA, INC., PHILADELPHIA, PA.; MAUDINE R. COOPER, VICE PRESIDENT FOR WASHINGTON OPERATIONS, NATIONAL URBAN LEAGUE, INC., WASHINGTON, D.C.; JANE P. FLEMING, EXECUTIVE DIRECTOR, WIDER OPPORTUNITIES FOR WOMEN, INC., WASHINGTON, D.C.; OTHELLO POULARD, DIRECTOR OF EMPLOYMENT TRAINING FOR THE CENTER FOR COMMUNITY CHANGE, TESTIFYING ON BEHALF OF THE JOBS ROUNDTABLE; AND ROSALIE TRYON, EXECUTIVE DIRECTOR, ADVOCAP, INC., FOND DU LAC, WIS.

Mr. GARZA. Thank you, Mr. Chairman. I appreciate the opportunity to submit the views of our national organization on the urgent need to enact new legislation to enable us to train unemployed and unskilled American workers for jobs.

I shall discuss our views on the importance of developing America's human resources for improved economic performance, and sustained economic growth.

I shall address the critical interest of our Federal Government in actively supporting this development and I shall emphasize the importance of client based community organizations in implementation of the new legislation.

We are clearly at a critical crossroads in this continued decline of our economic system. A crossroads no less important than the period immediately preceding the great depression.

The values we place on our natural resources, our human capital, our trade and our commerce are undergoing dramatic change as a result of our present economic decline and as a conseqence of the ever increasing interdependence of the economic systems of this world.

An important part of this process is the redefinition of what we require from our people as workers. To what extent does our current labor force have the skills to assume the new job site requirements that are brought about by the structural changes always taking place in a dynamic economy?

As a modern-day paradox, we find ourselves in the singular situation of having the highest number of unemployed workers in the industrialized world, while also having the longest list of highly skilled positions going unfilled.

From one perspective, our Government has adopted a number of policies designed to increase capital investment in this country. What we must do now is to link the increase in financial investments to an equally dynamic increase in skilled human capital to help our economy shift successfully into the 21st century.

The increase in human capital is a continuing process in thousands of firms in our country. Corporations invest in the training and skill up-grading of the employees. Other institutions, such as commercial training schools, are already offering to their clients a variety of courses in new job skills.

The investment in this human capital is assumed either by industry after selecting the most promising employees, or by individuals who can afford their own training. In neither case does America's largest pool of ready-to-be-trained people get tapped: The long-term structurally unemployed American, considered too high a risk for the business investor and unacceptable for financial reasons in commercial courses.

While most Americans can provide themselves and their offspring with the experience necessary to enable them to learn job skills, low income individuals are less likely to be able to afford training, and least likely to know how to get it.

They are also the least attractive workers for firms to hire and they are often the most difficult and the most costly for local and State educational institutions to serve. For these millions of American workers who are not served by traditional systems, it is the responsibility of our national Government to assist them to become productive members of our society.

The primary focus of our policy must be, therefore, recognizing that there is a legitimate Federal role in the development of our Nation's human resources. There is a legitimate role in assisting both Americans who are not able on their own or through other institutions, to acquire the services which would enable them to obtain and to retain jobs.

To bring to these individuals those services, client-based community organizations were developed in the 1960's. The continued involvement of these institutions in the job training and job placement business is essential.

We have councils to represent the business sector, we have councils to represent organized labor. We have elected officials that speak for the electorate. Who represents those individuals for whom this very legislation is being drafted. Who is better qualified to represent their interests than those very institutions based in their own communities.

We don't want other people telling us what is best for us. We know what is best for us. CBO's are governed and staffed by individuals who reflect the demographic composition of the communities we serve. Years of experience in the job training field have provided the expertise and the professionalism required to prepare the unskilled persons for meaningful work.

We believe the following principles should be adhered to in the proposals being analyzed:

That the persons to receive these services be the economically disadvantaged and structurally-unemployed.

That the legislation recognize the need for special treatment of specific national groups such as farmworkers and persons of limited English speaking proficiency.

We agree that the principal service to be provided should be training for jobs in the private sector.

And we believe that the national partnerships developed over the years between the Department of Labor and national job organizations like SER, OIC, Urban League, NAB and HRDI be strengthened.

And that special care be given to increasing the effectiveness and program accountability of the existing prime sponsor system rather than shifting to a brand new system which is yet to be tried.

With these recommendations we feel secure that the needs of those Americans for whom this program is intended will be fulfilled.

Thank you, Mr. Chairman.

Representative HAWKINS. Thank you, Mr. Garza.

[The prepared statement of Mr. Garza follows:]

– JOBS FOR PROGRESS, INC.

STATEMENT OF PEDRO RUIZ GARZA

NATIONAL DIRECTOR, SER-JOBS FOR PROGRESS, INC.

JOINT CONGRESSIONAL HEARINGS

ON

NATIONAL EMPLOYMENT AND TRAINING POLICY

97TH CONGRESS OF THE UNITED STATES

MARCH 17, 1982

CHAIRMAN QUAYLE, CHAIRMAN HAWKINS,
OTHER MEMBERS OF THE SENATE SUBCOMMITTEE
ON EMPLOYMENT AND PRODUCTIVITY AND OF THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES:

I GREATLY APPRECIATE THE OPPORTUNITY TO SUBMIT THE VIEWS OF THE NATIONAL NETWORK OF SER COMMUNITY BASED ORGANIZATIONS ON THE URGENT NEED FOR THE 97TH CONGRESS TO ENACT NEW LEGISLATION TO ENABLE US TO TRAIN UNEMPLOYED AND UNSKILLED AMERICAN WORKERS FOR JOBS.

IN THIS BRIEF STATEMENT, I SHALL DISCUSS OUR VIEWS ON THE IMPORTANCE OF DEVELOPING AMERICA'S HUMAN RESOURCES FOR THE BETTERMENT OF THE ECONOMY. I SHALL ALSO ADDRESS THE INTEREST OF OUR NATIONAL GOVERNMENT IN SUPPORTING SUCH DEVELOPMENT. AND I SHALL STRESS THE IMPORTANCE OF COMMUNITY BASED ORGANIZATIONS IN THE IMPLEMENTATION OF THE NEW

LEGISLATION.

WE ARE CLEARLY AT A CRITICAL CROSS-ROADS IN THE CONTINUED DEVELOPMENT OF OUR ECONOMIC SYSTEM —— A CROSS-ROADS NO LESS IMPORTANT THAN THE PERIOD IMMEDIATELY PRECEEDING THE GREAT DEPRESSION.

THE VALUES WE PLACE ON OUR NATURAL RESOURCES, OUR HUMAN CAPITAL, OUR TRADE AND COMMERCE ARE UNDERGOING CHANGES AS A RESULT OF OUR PRESENT ECONOMIC DECLINE AND AS A CONSEQUENCE OF THE INTERDEPENDENCE OF ECONOMIC SYSTEMS THROUGH THE WORLD.

AN IMPORTANT PART OF THIS PROCESS (A PROCESS WHICH WE EXPECT WILL CONTINUE THROUGH THE END OF THIS CENTURY) IS THE REDEFINITION OF WHAT WE REQUIRE FROM OUR PEOPLE AS WORKERS. IN OTHER WORDS, TO WHAT EXTENT DOES OUR CURRENT LABOR FORCE HAVE THE NECESSARY SKILLS TO ASSUME THE NEW JOB-SITE REQUIREMENTS THAT ARE BROUGHT ABOUT BY THE STRUCTURAL CHANGES ALWAYS TAKING PLACE IN A DYNAMIC ECONOMY?

AS A MODERN-DAY PARADOX, WE FIND OURSELVES IN THE SINGULAR SITUATION OF HAVING THE HIGHEST NUMBER OF UNEMPLOYED WORKERS IN THE INDUSTRIALIZED WORLD, WHILE ALSO HAVING THE LONGEST LIST OF HIGHLY SKILLED POSITIONS GOING UNFILLED.

FROM THE INVESTMENT PERSPECTIVE, OUR COUNTRY HAS ADOPTED A NUMBER OF POLICIES DESIGNED TO INCREASE ASSETS.

WHAT THE COUNTRY MUST DO NOW IS TO LINK THE INCREASE IN FINANCIAL INVESTMENTS TO AN EQUALLY-DYNAMIC INCREASE IN SKILLED HUMAN CAPITAL TO HELP OUR ECONOMY SUCCESSFULLY MOVE INTO THE 21ST CENTURY.

INCREASING SKILLED HUMAN CAPITAL IS, OF COURSE, BEING UNDERTAKEN BY THOUSANDS OF FIRMS IN OUR COUNTRY, AS WELL AS BY OTHER INSTITUTIONS IN OUR SOCIETY.

CORPORATIONS WITH DIRECT INTEREST IN THE CHANGING ECONOMIC SYSTEM ARE ALREADY INVESTING IN THE TRAINING AND SKILL UP-GRADING OF THEIR EMPLOYEES AND OF MANY OF THEIR FUTURE WORKERS. OTHER INSTITUTIONS, SUCH AS COMMERCIAL TRAINING SCHOOLS, ARE ALREADY OFFERING TO THEIR CLIENTS A VARIETY OF COURSES IN THE NEW JOB SKILLS.

THE INVESTMENT IS ASSUMED EITHER BY INDUSTRY, AFTER SELECTING THE MOST PROMISING TRAINEES, OR BY INDIVIDUALS WHO CAN AFFORD TO INVEST IN THEIR OWN TRAINING.

IN NEITHER CASE DOES AMERICA'S LARGEST POOL OF READY-TO-BE-TRAINED PEOPLE GET TAPPED: THE LONG-TERM UNEMPLOYED ARE CONSIDERED TOO HIGH A RISK FOR THE BUSINESS INVESTOR

AND TOO LOW A CHECKING ACCOUNT HOLDER TO BE ACCEPTED IN A COMMERCIAL COURSE.

WHILE MOST AMERICANS CAN PROVIDE THEMSELVES AND THEIR OFFSPRING WITH THE EXPERIENCES AND COMPETENCIES NECESSARY TO ENABLE THEM TO LEARN JOB SKILLS, LOW-INCOME INDIVIDUALS ARE LEAST LIKELY TO BE ABLE TO AFFORD TRAINING AND LEAST LIKELY TO KNOW HOW TO GET IT.

THEY ARE ALSO THE LEAST ATTRACTIVE WORKERS FOR FIRMS TO HIRE, AND THEY ARE OFTEN THE MOST DIFFICULT AND MOST COSTLY FOR LOCAL AND STATE EDUCATIONAL INSTITUTIONS TO SERVE.

FOR THESE MILLIONS OF AMERICA'S WORKERS WHO ARE NOT SERVED BY TRADITIONAL SYSTEMS, IT IS THE RESPONSIBILITY OF OUR NATIONAL GOVERNMENT TO ASSIST THEM TO BECOME PRODUCTIVE MEMBERS OF OUR SOCIETY.

THE PRIMARY FOCUS OF OUR POLICY MUST BE, THEREFORE, RECOGNIZING THAT THERE IS A LEGITIMATE FEDERAL ROLE IN THE DEVELOPMENT OF OUR NATION'S HUMAN RESOURCES, TO ASSIST YOUTH AND ADULTS WHO ARE NOT ABLE ON THEIR OWN OR THROUGH OTHER INSTITUTIONS TO ACQUIRE THE SERVICES WHICH WOULD ENABLE THEM TO OBTAIN AND RETAIN JOBS.

TO BRING TO SUCH INDIVIDUALS THESE NECESSARY SERVICES, OUR NATION DEVELOPED SEVERAL YEARS AGO A CONCEPT OF CLIENT-BASED, COMMUNITY-BASED ORGANIZATIONS — INSTITUTIONS IN THE AMERICAN TRADITION OF BEING "OF THE PEOPLE, BY THE PEOPLE, AND FOR THE PEOPLE".

THE INVOLMENTOF SUCH INSTITUTIONS IN THE JOB TRAINING AND JOB PLACEMENT BUSINESS IS SEVERAL DECADES OLD.

THIS EXPERIENCE GIVE THEM A SPECIAL PLACE IN THE DELIVERY SYSTEM OF JOB TRAINING SERVICES:

- THESE ORGANIZATIONS HAVE DEMONSTRATED THEIR ABILITY TO DELIVER SUCH SERVICES WITH A HIGH DEGREE OF QUALITY, AND AT A LOW COST.

- COMMUNITY (OR CLIENT) BASED ORGANIZATIONS HAVE THE FLEXIBILITY TO CHANNEL RESOURCES TO SPECIAL "TARGET" GROUPS:

- THESE INSTITUTIONS ARE GOVERNNED AND STAFFED BY INDIVIDUALS WHO REFLECT THE DEMOGRAPHIC

COMPOSITION OF THE COMMUNITY
THEY SERVE WHILE ALSO HAVING
ACQUIRED TRAINING TO HELP OTHERS.

WE APPLAUD THIS CONGRESS FOR ITS LEADERSHIP IN ASSURING THE CONTINUATION OF JOB TRAINING SERVICES FOR UNSKILLED, UNEMPLOYED WORKERS AS A NATIONAL PRIORITY.

WE SO APPLAUD YOU AS WE RECOGNIZE THAT MAJOR LEGISLATIVE PROPOSALS HAVE BEEN DRAFTED BY THE CONGRESSIONAL SUBCOMMITTEES HOLDING THESE HEARINGS.

THE PROPOSALS WHICH ARE BEING REVIEWED HAVE IMPORTANT SIMILARITIES AND SOME DIFFERENCES IN APPROACHES TO REDUCING THE UNEMPLOYMENT RATE OF OUR COUNTRY.

MOST IMPORTANT FOR THOSE AMERICANS WHO NEED THESE SERVICES IS THAT THE FOLLOWING PRINCIPLES BE ADHERED TO:

(1) THAT THE PERSONS TO RECEIVE THESE SERVICES BE THE STRUCTURALLY-UNEMPLOYED, ECONOMICALLY-DISADVANTAGED PEOPLES OF OUR NATION.

(2) THAT THE LEGISLATION RECOGNIZE THE NEED FOR SPECIAL TREATMENT OF SPECIFIC NATIONAL GROUPS IN THE POPULATION SUCH AS

MIGRANT FARMWORKERS AND PERSONS OF LIMITED ENGLISH SPEAKING PROFICIENCY.

(3) THAT THE PRINCIPAL SERVICE TO BE PROVIDED BE TRAINING OF THESE INDIVIDUALS FOR SPECIFIC JOBS BEING CREATED IN THE PRIVATE SECTOR OF OUR ECONOMY.

(4) THAT THERE CONTINUE TO EXIST THE SPECIAL NATIONAL PARTNERSHIPS BETWEEN THE U.S. DEPARTMENT OF LABOR AND NATIONAL ASSOCIATIONS OF LOCAL ORGANIZATIONS AS THE NATIONAL/SER AGENCY, THE NATIONAL OFFICE OF OPPORTUNITIES INDUSTRIALIZATION CENTERS, THE NATIONAL ALLIANCE OF BUSINESS, AND THE HUMAN RESOURCES DEVELOPMENT INSTITUTE.

(5) THAT LOCAL CLIENT-BASED, COMMUNITY-BASED ORGANIZATIONS OF DEMOSTRATED EFFECTIVENESS BE INCLUDED IN THE LEGISLATION AS PARTNERS IN THE PLANNING, DELIVERY, AND EVALUATION OF THESE SERVICES.

(6) THAT SPECIAL CARE BE GIVEN TO INCREASING THE EFFECTIVENESS OF THE EXISTING PRIME SPONSOR SYSTEM, RATHER THAN INITIATING

A NEW SYSTEM WHICH DOES NOT GUARANTEE PROGRAM ACCOUNTABILITY.

WITH THESE RECOMMENDATIONS ADDED TO THE CONCENSUS ALREADY VISIBLE IN THE VARIOUS LEGISLATIVE PROPOSALS, WE FEEL SECURE THAT THE NEEDS OF THOSE AMERICANS FOR WHOM THIS PROGRAM IS INTENTED WILL BE FULLFILLED.

I THANK YOU FOR THE OPPORTUNITY TO PRESENT THIS TESTIMONY.

Representative **Hawkins**. Rev. Leon Sullivan, Chairman of the Board of Opportunities Industrialization Centers of America, Inc.

Mr. **Sullivan**. Chairman Hawkins and Chairman Quayle, Representatives of the House and Senate. I come here this morning with the deep and sincere appreciation for the leadership you are giving to help bring about a responsible bipartisan solution to a problem which has become a dangerous crisis due to irresponsible neglect.

You, Chairman Hawkins, have paved the way with your tireless and courageous efforts to reorder the national priorities and establish a national goal of full employment. Your fighting spirit and political wisdom have been like a finger in the dike of national employment policy to prevent the disastrous flood of hopelessness, despair, economic injustice, and social explosions. And we thank you.

Now, as you and your colleagues in the House Education and Labor Committee join forces with Chairman Quayle and his colleagues in the Senate Labor and Human Resources Committee, with an extraordinarily enlighted view, it appears to me, of some of our unemployment problems in the country, to formulate a permanent national employment training policy. The hopes of millions of Americans of all races, classes and creeds are in your hands. The awesome responsibility of the Congress in the face of the current administration's concentration on anti-inflation and budget balancing policies is clear. But we cannot permit the young people of America to be sacrificed on the altar of anti-inflation programs and balanced budgets.

There must be a holding of the line against the twin evils of inflation and unemployment and an even-handed justice in requiring sacrifice from all Americans. There must not be an unfair and unbalanced Government abdication of Federal responsibility for the poor, the unskilled, the disadvantaged and the powerless. An abdication is what seems to be coming through to the Nation today. There must not be a false faith in policies designed only for those who have against those who have not.

Cities in distress and rural communities in despair must not be forced to abandon humanitarian and humane domestic policies while foreign policy priorities and national defense goals, as important as we all realize these to be, are met.

The employment and training needs of the Nation are investments in the future of America. An investment in human capital, an investment such as that of SER, Urban League, and other organizations represented in the Puerto Rican forum, pays back considerably more in taxes by the work they do, the development of the human being, than the Government ever expends in the resources to these programs. All the cost benefits of these programs, when properly analyzed, reveal this as to be true.

Mr. Chairman, I am disappointed in looking at the objectives of many of the legislative aims that more concentration is not really focused on the significance of the crisis, scale proportions of what we face in America. One million job slots, as suggested in the administration legislation, is like an eye of a needle with a camel trying to get through. The magnitude of the problem is extraordinary. More so than at any time in my lifetime. These are critical times.

As I travel across the country, I have never seen such a growing number of unemployed, idle youths on the street corners of the cities of this country as there are today, even before the days of the great riots. And what is even more disturbing to me, whereas before during the civil rights days, boys and young men were on the street corners. They are joined now by young women and girls.

The cost of what will happen to this country if we do not more responsibly face its needs is incomprehensible. In crime, do we not realize that it costs $100,000 to build one cell in America which is enough to build a house for a family in an affluent suburb. It costs more than $25,000 a year just to keep one person in prison for a year. With the prison population increasing every day, we can see the magnitude of this situation.

Ultimately, the needs are awesome and great. There is a need for a combination of partnership of government, labor, business and the community to join together to deal with the problem of unemployment before it gets out of hand, because it's a question of riots or jobs.

It is a situation that can hardly be described at this time. And we have to, as a Nation, do something about it with every immediacy. Thank you, sir.

Representative HAWKINS. Thank you, Mr. Sullivan, for your usual fine articulation.

[The prepared statement of Reverend Sullivan follows:]

TESTIMONY
BY
THE REV. LEON H. SULLIVAN
CHAIRMAN/FOUNDER O.I.C. OF AMERICA
BEFORE
THE JOINT SENATE-HOUSE HEARINGS
OF
THE HOUSE EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE
AND
THE SENATE EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE

WEDNESDAY -- MARCH 17, 1982
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C.

CHAIRMAN HAWKINS AND CHAIRMAN QUAYLE, MY NAME IS LEON SULLIVAN AND I COME TO YOU THIS MORNING WITH A DEEP AND SINCERE APPRECIATION FOR THE LEADERSHIP YOU ARE GIVING TO HELP BRING ABOUT A RESPONSIBLE BI-PARTISAN SOLUTION TO A PROBLEM WHICH HAS BECOME A DANGEROUS CRISIS DUE TO IRRESPONSIBLE NEGLECT.

I REFER, OF COURSE, TO THE TRAGIC UNEMPLOYMENT CRISIS WHICH SACRIFICES BOTH ADULTS AND YOUTH ON THE ALTAR OF BALANCED BUDGETS AND ANTI-INFLATION POLICIES.

YOU, CHAIRMAN HAWKINS, HAVE PAVED THE WAY WITH YOUR TIRELESS AND COURAGEOUS EFFORTS TO REORDER THE NATIONAL PRIORITIES AND ESTABLISH A NATIONAL GOAL OF FULL EMPLOYMENT. YOUR FIGHTING SPIRIT AND POLITICAL WISDOM HAVE BEEN LIKE A FINGER IN THE DIKE OF NATIONAL EMPLOYMENT POLICY TO PREVENT THE DISASTROUS FLOOD OF HOPELESSNESS, DESPAIR, ECONOMIC INJUSTICE AND SOCIAL EXPLOSIONS.

NOW, AS YOU AND YOUR COLLEAGUES IN THE HOUSE EDUCATION AND LABOR SUB-COMMITTEE JOIN FORCES WITH CHAIRMAN QUAYLE AND HIS COLLEAGUES IN THE SENATE LABOR AND HUMAN RESOURCES SUBCOMMITTEE TO FORMULATE A PERMANENT NATIONAL EMPLOYMENT TRAINING POLICY, THE HOPES OF MILLIONS OF AMERICANS OF ALL RACES, CLASSES AND CREEDS ARE IN YOUR HANDS.

THE AWESOME RESPONSIBILITY OF THE CONGRESS IN THE FACE OF THE CURRENT ADMINISTRATIONS CONCENTRATION ON ANTI-INFLATION AND BUDGET BALANCING POLICIES IS CLEAR. THERE MUST BE A HOLDING OF THE LINE AGAINST THE TWIN EVILS OF INFLATION AND UNEMPLOYMENT AND AN EVEN-HANDED JUSTICE IN REQUIRING SACRIFICE FROM ALL AMERICANS.

THERE MUST NOT BE AN UNFAIR AND UNBALANCED GOVERNMENT ABDICATION OF FEDERAL RESPONSIBILITY FOR THE POOR, THE UNSKILLED, THE DISADVANTAGED AND THE POWERLESS. THERE MUST NOT BE A FALSE FAITH IN POLICIES DESIGNED

ONLY FOR THE RICH, THE SKILLED, THE ADVANTAGED AND THE POWERFUL.

CITIES IN DISTRESS AND RURAL COMMUNITIES IN DESPAIR MUST NOT BE FORCED TO ABANDON HUMANITARIAN AND HUMANE DOMESTIC POLICIES WHILE FOREIGN POLICY PRIORITIES AND NATIONAL DEFENSE GOALS ARE MET.

FALSE ARGUMENTS REGARDING GUNS AND BUTTER MUST NOT CLOUD THE MAJOR ISSUES OF FOOD, SHELTER, HEALTH AND EDUCATION FOR A CITIZENRY THAT MUST SURVIVE IF IT IS TO BUILD AND DEFEND A STRONG NATION.

1.5 BILLION DOLLAR WATER PROJECTS, ARMY CORPS OF ENGINEERS. PLANS FOR 284 SUCH PROJECTS TOTALING 26 BILLION ADDED TO INTERIOR DEPARTMENTS 69 PROJECTS--TOTAING 14 BILLION--SIMPLY ILLUSTRATE THE TIP OF THE ICEBERG. TWO BATTLESHIPS THAT COST AS HIGH AS 3 BILLION DOLLARS APIECE, WHEN STOOD UP BESIDE CONGRESSMAN HAWKINS' COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING ACT'S 5 BILLION DOLLAR REQUEST DRAMATIZES THE ISSUE THE CONGRESS IS FACING. (6 BILLION FOR TWO SHIPS-5 BILLION FOR 1 MILLION LIVES)

WHILE YOU WILL HEAR DEBATES DURING YOUR HEARINGS ABOUT WHETHER OR NOT THE QUAYLE/KENNEDY BILLS 3.8 BILLION OR THE ADMINISTRATION'S 2.3 BILLION REQUEST CAN GET PAST THE BUDGET AND APPROPRIATIONS COMMITTEES, I WANT YOU TO GIVE SERIOUS THOUGHT TO THE CONTRAST -- TWO BATTLESHIPS -- ($6 BILLION) MORE THAN THE HAWKINS BILL. FOUR BATTLESHIPS, MORE THAN HAWKINS-JEFFORD-QUAYLE-KENNEDY AND THE QUAYLE-HAWKINS COMBINED. ($12 BILLION)

THE EMPLOYMENT AND TRAINING NEEDS OF THE NATION ARE INVESTMENTS IN THE FUTURE OF AMERICA--AN INVESTMENT IN HUMAN CAPITAL--AN INVESTMENT SUCH AS O.I.C., PAYS BACK $3.00 IN TAXES FOR EVERY $1.00 OF GOVERNMENT MONEY.

ALTHOUGH I DO NOT KNOW THE COST/BENEFIT RATIO OF MY SISTER COMMUNITY BASED ORGANIZATIONS SUCH AS THE NATIONAL URBAN LEAGUE AND OPERATION SER, I AM CERTAIN THAT THE FIGURES ARE COMPARABLE IN THOSE TARGETED TRAINING

ORGANIZATIONS RUN BY THE UNIONS AND EMPLOYER-RELATED GROUPS SUCH AS ADVOCATED BY THE NATIONAL ALLIANCE OF BUSINESS AND THE 70,001,LTD.

REALLY, MR. CHAIRMAN, I AM DISAPPOINTED THAT MORE TIME HAS NOT BEEN SPENT IN RESEARCH AND DEVELOPMENT IN COMMUNITY-BASED TRAINING ORGANIZATIONS AS A POSITIVE ALTERNATIVE TO JAILS AND THE HIGH COSTS OF LAW ENFORCEMENT.

I AM DISAPPOINTED THAT MORE EFFORT HAS NOT BEEN MADE TO COMPLETE RESEARCH ON THE POTENTIAL OF TARGETED JOB TRAINING AS AN INSTRUMENT OF FEDERAL STATE AND LOCAL GOVERNMENT TO REDUCE WELFARE ROLLS AND CONVERT TAX-USERS TO TAXPAYERS.

THAT IS WHY I WISH TO COMPLIMENT THE ADMINISTRATION BILL ADVOCATES FOR TARGETING WELFARE RECIPIENTS AND DISADVANTAGED YOUTH IN THEIR BILL.

I AM DISAPPOINTED MORE, HOWEVER WITH THE SMALL AMOUNT OF MONEY ALLOCATED IN BOTH THE ADMINISTRATION BILL AND THE QUAYLE-KENNEDY BILL AS COMPARED TO THE HAWKINS BILL.

FOR WHEN YOU SEE THE 3 MILLION UNEMPLOYED YOUTH AND REALIZE THAT THE LEGISLATION ONLY HOPES TO REACH 1 MILLION.

WHEN YOU SEE THE 9 MILLION UNEMPLOYED AMERICANS AND REALIZE THAT THE TOTAL EFFORT TO PROVIDE JOB-TRAINING AND JOB-CREATION ONLY ANTICIPATES A VERY SMALL DROP IN A VERY BIG BUCKET.

WHEN YOU LOOK AT THE POTENTIAL FOR INCREASING RATES OF RAPES, ROBBERIES, MURDERS, CRIME IN THE STREETS AND RIOTS IN THE NEIGHBORHOODS IT IS APPALLING TO WATCH THE SHORT-SIGHTEDNESS AND THE TUNNEL-VISION WHICH PREVAILS ON THIS CRITICAL ISSUE.

NEVERTHELESS, WE HAVE COME TO WASHINGTON TO SAY THAT WHATEVER COMBINATION OF BILLS YOU RECOMMEND--WHETHER IT BE A QUAYLE-HAWKINS BILL OR A BILL BY ANY OTHER NAME--THERE ARE SOME THINGS THAT WE WANT TO BE SURE TO HAVE YOU REMEMBER.

WE WANT YOU TO REMEMBER TO INCLUDE COMMUNITY BASED ORGANIZATIONS OF DEMONSTRATED EFFECTIVENESS SUCH AS O.I.C., S.E.R., THE URBAN LEAGUE--

WE WANT YOU TO REMEMBER THE TRACK RECORDS OF H.R.D.I. AND MAINSTREAM, AND UNION AND EMPLOYER-RELATED TRAINING ORGANIZATIONS SUCH AS 70,001 AND N.A.B. AND R.T.P.,LA RAZA AND THE PUERTO RICAN FORUM.

WE WANT YOU TO INCLUDE US IN, AND NOT LEAVE US OUT. WE APPRECIATE AND URGE SUPPORT OF THE LANGUAGE CONCERNING O.I.C. AND C.B.O.'S IN THE QUAYLE-KENNEDY BILL. WE URGE ALL OF OUR FRIENDS TO ADOPT THAT LANGUAGE AND, IF NECESSARY, FIGHT TO MAKE SURE THAT SUCH LANGUAGE IS INCLUDED.

WE HAVE FOUGHT FOR TEN YEARS TO GET "SPECIAL CONSIDERATION" LANGUAGE IN THE C.E.T.A. LEGISLATION. WE CANNOT AFFORD TO LOSE IT NOW WHEN THE UNEMPLOYMENT CRISIS IS MORE DANGEROUS AND COMMUNITY-BASED SUPPORT IS NEEDED MORE DESPARATELY.

CONGRESSMAN HAWKINS AND SENATOR SCHWEIKER COMBINED THEIR EFFORTS TO INSIST THAT CONGRESS INCLUDE OUR ORGANIZATIONS AS AN INTEGRAL PART OF THE NATION'S MANPOWER DELIVERY SYSTEMS.

NOW, TEN YEARS LATER, WHEN PERMANENT AUTHORIZATION IS BEING SOUGHT, WE CANNOT--WE MUST NOT GO BACKWARDS. IN THE FACE OF THE THREATENING NATURE OF STATE BLOCK GRANT FUNDING METHODS, WE NEED TO STRENGTHEN, NOT WEAKEN, THE INSURANCE POLICY TO PROTECT THE INCLUSION AND ELIMINATE THE EXCLUSION OF COMMUNITY-BASED ORGANIZATIONS.

WHEN CHAIRMAN HAWKINS AND I WERE BOTH MUCH YOUNGER THERE WAS A POPULAR SONG THAT STATED, "YOU SHOULD ACCENTUATE THE POSITIVE AND ELIMINATE THE NEGATIVE." TODAY, AT THIS HEARING, I SAY TO YOU THAT OUR NATIONAL POLICYMAKERS ARE HEARING THE VOICES THAT ACCENTUATE THE NEGATIVE, DIAGNOSING THE DISEASES IN A SICK SOCIETY AND ANALYZING THE BUDGET CUTS AND THE INTEREST RATES AND THE DEFICITS AND THE SUFFERING OF THE POOR AND DISADVANTAGED AMERICANS OF ALL RACES.

I CHOOSE INSTEAD TO TALK ABOUT A PRESCRIPTION FOR THE CURE. LET THESE COMMITTEES GIVE BOLD AND CREATIVE IMAGINATIVE LEADERSHIP--LET THIS JOINT COMMITTEE LIGHT A CANDLE IN THE MIDST OF THE DARKNESS THAT SO MANY ARE CURSING.

THE LIGHT CAN BE A TRULY BI-PARTISAN AGREEMENT TO MAXIMIZE, RATHER THAN MINIMIZE FEDERAL RESPONSIBILITIES FOR JOB TRAINING AS AN INVESTMENT IN HUMAN CAPITAL THAT WILL PAY BACK DIVIDENDS TO BOTH INDUSTRY AND GOVERNMENT.

THE LIGHT CAN BE AN OVERWHELMING VOTE IN THE HOUSE AND THE SENATE AS A SIGNAL TO THE WHITE HOUSE THAT THIS NATION CANNOT SURVIVE IN THE FACE OF A TECHNOLOGICAL AND INDUSTRIAL REVOLUTION WITHOUT A FOCUS ON TRAINING SUCH AS WE HAVE NEVER HAD BEFORE IN THE HISTORY OF AMERICA.

OUR PEOPLE MUST BE MADE TECHNOLOGICALLY LITERATE WE MUST LOOK ON TODAY'S CRISIS AS WE LOOKED AT THE RUSSIAN SPUTNIK--WE MUST BECOME COMPETITIVE WITH JAPAN AND GERMANY. JUST AS WE LAUNCHED A TEN-YEAR PLAN TO PUT AMERICA ON THE MOON--WE MUST LAUNCH A TEN-YEAR PLAN TO PUT AMERICAN YOUTH ON THEIR FEET WITH SKILLS AND JOBS AND HOPE--WE MUST LOOK AHEAD TO THE 1990'S AND THE YEAR 2,000 AND THE 21st CENTURY.

WE MUST TEACH MORE MATH AND SCIENCE AND COMPUTER TECHNIQUES.

OUR INDUSTRIES MUST BE UP-DATED IN ACCORDANCE WITH TECHNOLOGICAL CHANGE. OUR TRAINING METHODS MUST BE UP-DATED IN ACCORDANCE WITH CHANGES IN INDUSTRY.

IN A TIME WHEN MEN AND WOMEN ARE ASKING IF THEY WILL BE REPLACED IN THEIR JOBS BY ROBOTS OR WHETHER COMPUTERS WILL PUT THEIR BOSSES OUT OF BUSINESS, WE CANNOT AFFORD TO LOOK DOWN AT OUR FEET. WE MUST LOOK UP AT THE STARS.

WE MUST SEE THE SPACE AGE AND ALL OF ITS IMPLICATIONS FOR OUR

CHILDREN'S CHILDREN.

YES, MR. CHAIRMAN, THERE ARE MANY THINGS THAT I CAN SAY ABOUT SPECIFIC ISSUES SUCH AS THE INCLUSION OF CBO PARTICIPATION IN THE DELIVERY SYSTEM, THE ELIMINATION OF STIPENDS, THE COOPERATION WITH PRIVATE INDUSTRIES COUNCILS-THE AUTHORITY OF THE GOVERNOR TO COORDINATE AND ORCHESTRATE STATE-WIDE PLANS.

BUT, TODAY I WANT TO LEAVE ON YOUR MINDS AND HEARTS JUST ONE OR TWO SIMPLE IMPERATIVES:

--USE OUR C.B.U.'S, LIKE O.I.C., AS AN INSTRUMENT IN THE HANDS OF GOVERNMENT AND INDUSTRY.

--USE US AS AN INTERMEDIARY TO HELP TIE THE ROPES TOGETHER.

THE STORY IS TOLD OF A BOY WHO FELL IN A WELL. THE BOY'S NAME WAS UNEMPLOYMENT. BUSINESS CAME WITH A ROPE TO PULL HIM OUT. IT WAS TOO SHORT. THE SCHOOL SYSTEM, THE CHURCHES EACH TOOK TURNS--EACH HAD A ROPE THAT WAS TOO SHORT. THEN ALONG CAME THE COMMUNITY BASED ORGANIZATIONS WITH THEIR IDEA -- WHY NOT TIE ALL OF THE ROPES TOGETHER -- USE US AS EXPERTS WITH THE PEOPLE WHO NEED THE JOBS TO TIE IN WITH THE PEOBLE WHO HAVE THE JOBS AND THE GOVERNMENT WHO CAN HELP EACH OF US WORK TOGETHER WITH MAXIMUM COST-EFFECTIVENESS. THE LEGEND ENDS WHEN THE ROPES ARE TIED TOGETHER AND THE BOY IS PULLED OUT OF THE HOLE.

WE COME TO THE NATION'S CAPITOL AFTER THE PRESIDENT'S AMAZING BUDGET MESSAGE -- THE DEEPEST CUTS IN THE RATE OF FEDERAL SPENDING -- THE MOST REVOLUTIONARY CHANGE IN INTERGOVERNMENTAL RELATIONS IN THE HISTORY OF THE UNITED STATES.

THE MOST DEVASTATING IMPACT ON BLACKS, HISPANICS, AND POOR WHITE AMERICANS IS EXPECTED. BUT NOT WITHOUT SOME REAL STRUGGLE AND HARD DECISIONS IN THE CONGRESS.

A SEEMINGLY IRRESISTABLE FORCE FOR A NEW NEW DEAL MOVING FROM THE RIGHT TO THE CENTER IS BEING MET BY A RESISTING COUNTER-FORCE TO RETAIN AS MUCH AS POSSIBLE OF THE OLD NEW DEAL MOVING FROM THE LEFT TO THE CENTER.

ORGANIZATIONS LIKE O.I.C. AND OTHER COMMUNITY BASED GROUPS ENGAGED IN EMPLOYMENT AND TRAINING FOR THE UNEMPLOYED AND UNSKILLED ADULTS AND YOUTH ARE CAUGHT IN THE MIDDLE.

THE BIGGEST DANGER WE FACE AS THE POLITICAL GIANTS STRUGGLE IS THAT WE WILL BE IGNORED AND FORGOTTEN. NO ONE WILL PAY ANY ATTENTION TO OUR LITTLE PINPOINT LIGHTS OF HOPE AND IN THE VAST DARKNESS OF TODAY'S ECONOMIC CRISIS AND POLITICAL CONFLICT.

SO, WE ARE HERE TO SAY WE SHALL NOT BE IGNORED--WE SHALL NOT LET YOU FORGET US! WE SHALL INSIST THAT YOU PAY ATTENTION.

WE KNOW THAT YOU MAY NOT KNOW WHAT TO DO OR HOW TO DO WHAT NEEDS TO BE DONE AND WE'VE COME TO WASHINGTON TO HELP YOU.

THAT IS WHY WE HAVE COME TO PRAISE SENATOR BOB DOLE AND SENATOR LOWELL WEICKER FOR INTRODUCING S. 1797 -- THE PRIVATE SECTOR OPPORTUNITIES ACT -- TO PROTECT US IN ENTERPRISE ZONES.

THAT IS WHY WE CAME LAST APRIL TO PRAISE SENATOR JOHN HEINZ AND HIS ORIGINAL CO-SPONSOR RUSSELL LONG FOR INTRODUCING S.900 TO PROTECT US IN STATE BLOCK GRANTS.

THAT IS WHY WE ARE SO GRATEFUL TO SENATOR JENNINGS RANDOLPH AND HIS ORIGINAL CO-SPONSOR JOHN CHAFEE FOR INTRODUCING S.1301 TO PROTECT OUR O.I.C. YOUTH CAREER INTERN TRAINING WITH THE SCHOOL SYSTEM.

THAT IS WHY WE HAVE COME TODAY TO THANK ALL OF OUR FRIENDS IN THE SENATE AND HOUSE OF REPRESENTATIVES WHOSE NAMES ARE LISTED AS CO-SPONSORS OF COMMUNITY BASED ORGANIZATIONS LEGISLATION.

BUT, WHILE WE IN O.I.C. AND OTHER COMMUNITY-BASED ORGANIZATIONS APPRECIATE THOSE LIKE MERVYN DYMALLY AND CARL PURSELL AND EDWARD HILLIS AND LARRY WINN AND JACK KEMP AND LOUIS STOKES, AND GUS HAWKINS, AND CARL PERKINS, WE KNOW THAT WE NEED MANY MANY OTHERS TO JOIN THEM IN THIS HOUR OF CRISIS.

WE IN O.I.C. CANNOT DO IT BY OURSELVES: BUT, WE IN O.I.C. TOGETHER WITH NAACP AND URBAN LEAGUE AND SER AND PUERTO RICIAN FORUM AND R.T.P., COUNCIL OF LA RAZA, NATIONAL COUNCIL OF NEGRO WOMEN, HRDI, AND OUR FRIENDS IN LABOR UNIONS AND CHAMBERS OF COMMERCE, THE NATIONAL ALLIANCE OF BUSINESS, THE URBAN COALITION, THE BLACK AND HISPANIC LEADERSHIP FORUMS AND CAUCUSES -- WE TOGETHER OUGHT TO BE ABLE TO GET THE VOTES WE NEED TO HELP US HELP OUR PEOPLE HELP THEMSELVES.

APPENDIX #1
YOUTH EMPLOYMENT AND BUSINESS

MR. CHAIRMAN, MY CONVICTION IS THAT THE BUSINESS COMMUNITY WHICH IS GIVING CONSTRUCTIVE LEADERSHIP TO IMPROVE STABILITY IN THE ECONOMY AND TO TURN AROUND THE INFLATION CRISIS, CAN ALSO INITIATE A POSITIVE PLAN TO PREVENT THE YOUTH UNEMPLOYMENT CRISIS FROM BECOMING A SOCIAL DISASTER.

THAT IS WHY I GIVE SERIOUS CONSIDERATION TO THE SCHEDULING OF STRATEGIC UNEMPLOYMENT-LIMITATION TALKS COMPARABLE TO THE STRATEGIC ARMS LIMITATION TALKS. I WOULD LIKE YOU TO REVIEW THE ALTERNATIVE CHOICES WHICH WE IN OIC HAVE IDENTIFIED THAT COULD MAKE YOUTH JOB CREATION AND JOB PLACEMENT A WORKABLE AND REACHABLE GOAL FOR THE PRIVATE SECTOR.

AS A MEMBER OF THE PRESIDENT'S TASK FORCE ON PRIVATE SECTOR INITIATIVES AND A LEADER IN THE JOB TRAINING AND JOB CREATION BUSINESS, I FEEL THAT ONE OF THE MOST PRACTICAL ANSWERS TO THIS PROBLEM WILL BE A BUSINESS INITIATIVE COMBINED WITH UTILIZATION OF COMMUNITY-BASED ORGANIZATIONS' TRAINING, COUNSELLING AND PLACEMENT SERVICES.

OIC OF AMERICA RELIES ON THE SELF-HELP MOTIVATIONAL AND ATTITUDINAL PROCESS WHICH WE HAVE TESTED FOR 17 YEARS. OUR PRODUCT, A HIGHLY-MOTIVATED SKILLED EMPLOYEE, WHO WANTS TO SEE THE EMPLOYER'S BUSINESS SUCCEED, HAS WON HIGH PRAISE FROM CORPORATION EXECUTIVES IN SMALL, MIDDLE-SIZED, AND BIG BUSINESS. OUR PHILOSOPHY OF "WE HELP OURSELVES" IS BASED ON OUR FAITH THAT THE FREE ENTERPRISE SYSTEM CAN BE MADE TO WORK FOR THE BENEFIT OF ALL AMERICANS.

WE ARE IN TROUBLE, AND ORDINARY PLANS FOR LEGISLATION WILL NOT GET THE JOB DONE. WE NEED EXTRAORDINARY LEGISLATION, TARGETED AT

THE PROBLEMS OF YOUTH AND THE POOR, AND AN EXTRAORDINARY MOBILIZATION OF ALL THE RESOURCES OF THE NATION TO TURN THE SITUATION AROUND. WE NEED AN EXTRAORDINARY COMMITMENT AND INVOLVEMENT FROM EVERY LEVEL OF GOVERNMENT, INCLUDING THE PRESIDENT AND THE CONGRESS. WE ALSO NEED COMMITMENT FROM THE PRIVATE SECTOR: FROM BUSINESS - LARGE, MEDIUM, AND SMALL - FROM CHURCHES, LABOR UNIONS, EDUCATIONAL INSTITUTIONS, COMMUNITY-BASED ORGANIZATIONS, SERVICE GROUPS, AND FROM THE AMERICAN PEOPLE THEMSELVES. WE NEED A COMPREHENSIVE, ACTION-ORIENTED, COORDINATED EMPLOYMENT AND TRAINING POLICY THAT REALLY WORKS.

WE NEED AN ALL OUT EFFORT. WE NEED AN AMERICAN MISSION AGAINST JOBLESSNESS, HOPELESSNESS, RACIAL PREJUDICE, AND DESPAIR THAT ARE ALL A PART OF THE MOUNTING UNEMPLOYMENT YOUTH TRAGEDY AND THE ADULT UNEMPLOYMENT DISASTER.

LET US ACT TOGETHER AND HELP OUR UNEMPLOYED YOUTH AND ADULTS THAT THEY MIGHT CLIMB UP BY THEIR OWN STRENGTH TO INDEPENDENCE, SELF-DIGNITY, AND A BETTER WAY OF LIFE. ANYTHING LESS THAN A UNITED MOBILIZATION AS GREAT OR GREATER THAN THAT IN THE DAYS OF THE CIVILIAN CONSERVATION CORPS WILL NOT WORK. WE MUST COME TO VIEW THE NEEDS OF THE UNEMPLOYED YOUTH AS A NATIONAL EMERGENCY THAT REQUIRES A STRUGGLE, A STRUGGLE IN WHICH WE ARE ALL ENGAGED.

IN OUR STRUGGLE, WE MUST GAIN THE COMMITMENT AND THE PARTICIPATION OF BUSINESS. TO THE GREATEST EXTENT POSSIBLE, THE NECESSITY OF DEALING WITH THE YOUTH PROBLEMS IN EACH COMMUNITY MUST BE SOLD TO EMPLOYERS. EMPLOYERS HAVE THE JOBS AND MUST BE CONVINCED OF THE VALUE TO THEIR COMMUNITY, AND TO THEMSELVES, OF PUTTING DISADVANTAGED YOUTH TO WORK.

CALL IT SELF-INTEREST OR ANYTHING ELSE YOU WILL, THE BUSINESS OF THIS NATION MUST REALIZE THAT THE SURVIVAL OF THE FREE ENTERPRISE SYSTEM DEPENDS UPON A WORKING, EARNING, AND PRODUCTIVE CITIZENSHIP.

A MAJOR CONCERN OF EMPLOYERS IS THE DEPENDABILITY OF YOUTH. THEY WANT PREDICTABILITY AND WILLINGNESS TO STAY ON THE JOB. IT IS IMPORTANT TO HELP PREPARE YOUTH, TO WHATEVER EXTENT POSSIBLE, TO MEET THE DEMANDS OF THE WORKPLACE SO THAT THEY WILL NOT EXPERIENCE FAILURE AT THE ONSET, AND SO THAT THE EMPLOYERS WILL NOT BECOME DISILLUSIONED AT THE BEGINNING AND THEREBY SPURN THE HIRING OF OTHER YOUNG PERSONS.

A CAMPAIGN MUST BE LAUNCHED ACROSS AMERICA, REGION BY REGION, STATE BY STATE, AND COMMUNITY BY COMMUNITY, THAT WILL GIVE EVERY BUSINESSMAN AND EMPLOYER IN THE LAND THE INCENTIVE TO HELP WITH "JOBS FOR YOUTH". JOB CREDITS SHOULD BE ESTABLISHED TO ENCOURAGE BUSINESS TO HIRE THE UNEMPLOYED YOUTH. BUSINESS SHOULD BE MOTIVATED BY THE DESIRE TO HELP STRENGTHEN THEIR COMMUNITIES AND TO HELP THE NATION, AND EQUALLY IMPORTANT, TO HELP BUILD THEIR OWN BUSINESSES. JOB TRAINING COMPONENTS SHOULD BE BUILT IN ENTERPRISE ZONES -- SMALL BUSINESS, WHICH CREATES 80% OF THE JOBS MUST BECOME PARTNERS WITH COMMUNITY-BASED ORGANIZATIONS AND STATE AND LOCAL GOVERNMENTS IN THIS STRUGGLE. CONGRESSMAN JACK KEMP, BOB GARCIA AND BILL GRAY HAVE CO-SPONSORED A BILL TO PUSH THIS CONCEPT. CONGRESSMAN LARRY WINN HAS INTRODUCED AN IDENTICAL BILL TO THE DOLE-WEICHER BILL, S-900, TO PROTECT C.B.O.'S.LANGUAGE TO COVER THIS CONCEPT SHOULD BE INCLUDED IN ANY PERMANENT LEGISLATION FOR JOB TRAINING.

SPECIAL CONSIDERATION FOR CAREER INTERN PROGRAMS

MR. CHAIRMAN, TWO YEARS I WAS HONORED TO HAVE THE OPPORTUNITY TO PROVIDE TESTIMONY BEFORE THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES. AT THAT TIME, I CALLED THE SUB-COMMITTEE'S ATTENTION TO THE DANGERS INHERENT IN THE CONTINUING SPIRAL OF YOUTH UNEMPLOYMENT. THE CRISIS TODAY IS EVEN MORE PERILOUS THAN IT WAS AT THAT TIME. AS NEW AND SOPHISTICATED TECHNOLOGIES CONTINUE TO EMERGE MORE AND MORE YOUNG PEOPLE FIND THAT THEY ARE IL-PREPARED TO QUALIFY FOR JOBS IN THESE FIELDS. IT IS DIFFICULT ENOUGH FOR YOUNG PEOPLE WHO GRADUATE FROM HIGH SCHOOL PROGRAMS. IT IS ALMOST IMPOSSIBLE FOR THOSE WHO DROP OUT OF SCHOOL.

DROP-OUTS TEND TO ENTER INTO ENDLESS CYCLES OF POVERTY AND DEPRIVATION LEADING TO WELFARE, CRIME AND NON-CONTRIBUTORY ROLES IN SOCIETY. INSTEAD OF BEING TAXPAYERS, THEY BECOME TAX BURDENS.

IN 1972, O.I.C. CREATED A PROGRAM TO ADDRESS THE PERSONAL CAREER AND EDUCATIONAL NEEDS OF DROP-OUT AND POTENTIAL DROP-OUT STUDENTS. THIS PROGRAM, THE CAREER INTERN PROGRAM, ESTABLISHED A SUPPORTIVE AND COOPERATIVE RELATIONSHIP WITH LOCAL SCHOOL SYSTEMS AND INVOLVED BUSINESS AND INDUSTRY, SOCIAL AND CIVIC GROUPS, COLLEGES AND UNIVERSITIES, SKILL TRAINING AND TECHNICAL SCHOOLS, THE FAMILY AND THE COMMUNITY-AT-LARGE IN THE EDUCATIONAL PROCESS WITH REGARDS TO ITS PARTICIPANTS. THE PROGRAM WAS RIGOROUSLY TESTED IN PHILADELPHIA, PENNSYLVANIA. Based upon THE EVALUATION RESULTS, IT WAS JUDGED TO BE, BY THE JOINT DISSEMINATION REVIEW PANEL , AN EXEMPARY EDUCATIONAL PROGRAM. THIS CAREER INTERN PROGRAM THE CIP HAS BEEN REPLICATED IN DETROIT , MICHIGAN, HUDSON VALLEY , NEW YORK, NEW YORK CITY, AND SEATTLE WASHINGTON. THE EVALUATION RESULTS REFLECTED COMPELLING EVIDENCE OF EFFECTIVENESS .

MR CHAIRMAN, THE CIP HAS A TRACK RECORD OF COST EFFECTIVENESS DEMONSTRAT OVER A PERIOD OF TEN YEARS . IT HAS PROVEN THAT IT CAN MEET THE NEEDS OF YOUTH OF ALL RACIAL AND ETHNIC IDENTITIES IN A VARIETY OF GEOGRAPHICAL LOCATIONS AND UNDER A WIDE RANGE OF SOCIO_ECONOMIC CONDITIONS.

THE LABOR DEPARTMENT WAS SO IMPRESSED WITH THE RESULTS OR OUTCOMES OF THIS TRAINING PROCESS THAT THEY INVESTED FIVE MILLION DOLLARS IN REPLICATION PROJECTS AND RECOMMENEDED A NATIONWIDE EXPANSION OF THE PROGRAM. LEGISLATION HAS BEEN INTRODUCED IN THE SENATE BY SENATORS RANDOPH AND CHAFEE AS WELL AS IN THE HOUSE BY CONGRESSMEN DYMALLY AND HILLIS TO IMPLEMENT THIS PLAN ACROSS AMERICA.

I URGE THIS JOINT COMMITTEE TO INCLUDE THIS PROGRAM IN THE SAME SPECIAL CONSIDERATION CATEGORY THAT YOU HAVE PUT THE JOB CORPS. THE JOB C ORPS MAY HAVE HAD BETTER POLITICAL POWER SUPPORTING IT , BUT THERE IS NO QUESTION IN THE MIND OF PROMINEN EDUCATORS AND TRAINERS THAT THIS COMBINATION OF THE SCHOOL SYSTEM AND COMMUNITY BASED ORGANIZATIONS LIKE OIC CAN PRODUCE RESULTS THAT WILL BE MOST VALUABLE TO THE NATION THE PROPER AMENDMENT TO THE BILL WHICH EVENTUALLY EMERGES FROM YOUR CONFERNCE BETWEEN THE SENATE AND THE HOUSE MIGHT EITHER INCLUDE A NEW TITLE OR A SECTIC IN WHAT YOU DEEM TO BE THE APPROPRIATE TITLE. IN ANY CASE, OUR ORGANIZATIONS COULD SALVAGE MILLIONS OF YOUNG LIVES THROUGHOUT AMERICA. THE CIP HAS BEEN PROVEN IN THE CRUCIBLE OF EXPERIENCE. THE CIP WILL HELP OUR YOUTH PREPARE FOR THE TECHNOLOGICAL FIELDS OF TODAY AND TOMORROW AND TO HELP BUILD AMERICA. O.I.C. DOES NOT VIEW CIP AS A CULMINATION OF AN EXPERIENCE, BUT RATHER A FOUNDATION FOR TOMORROW FOR OUR NATION'S MOST PRECIOUS RESOURCE-----OUR CHILDREN.

APPENDIX III

THE PRIVATE SECTOR OPPORTUNITIES ACT: INTRODUCTORY REMARKS

Representative Jack Kemp

Mr. Speaker, in the year and a half since Bob Garcia and I first introduced the Urban Jobs and Enterprise Zone Act the support for this new idea has grown tremendously. Our bill now has eighty cosponsors from both parties. Civil rights leaders, mayors, and businessmen across the country have endorsed the concept. Several states have enacted enterprise zone laws of their own, and President Reagan just announced in his State of the Union Address that he will seek a Federal law in this session of Congress.

In my talks with enterprise zone supporters, however, one important question keeps coming up. What about job training, to insure that inner city residents can take advantage of new opportunities in enterprise zones?

My answer has always been that I believe in job training, and I believe that job training is a crucial element in enterprise zones. I also think that job training is most effective when it is closely tied to specific job opportunities in the private sector--ideally to specific jobs. This means close cooperation between the businesses that provide new jobs, especially small businesses, and community-based organizations that know how to reach the people who need new opportunities.

Many community-based organizations have developed superb track records of bringing jobs and people together. The bill I am introducing today mentions several of these by name: Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, Mainstream, and the National Puerto Rican Forum. I want to pay special tribute to OIC, as its founder and chairman, my very good friend Reverend Leon Sullivan, is in town meeting with Members of Congress this week. I have had a chance to see first-hand just what he and OIC have accomplished in bringing together jobs and the people who need them most.

The Private Sector Opportunities Act reauthorizes Title VII of the Comprehensive Employment and Training Act until 1985. This is the CETA title which established Private Industry Councils to coordinate job training with actual job opportunities in the private sector. My bill will enable PICs to continue their good work, and it also makes what I believe are three important improvements in the Private Industry Council CETA program.

First, the legislation provides that in cities where enterprise zones have been established the PICs should make a special effort to identify private sector opportunities in these zones, and to provide employment training opportunities for enterprise zone residents and employees or potential employees.

Second, the Private Sector Opportunities Act would put greater emphasis on the role of community-based organizations in the delivery and coordination of employment training services.

Finally, because virtually all the new jobs created in the inner city come from small businesses, whenever possible at least one-half of the business representatives on the Private Industry Councils are to come from small businesses.

The essence of enterprise zones has always been human capital--the capital which exists in the hands, minds, and hopes of the people of our inner cities. Job training is a vital part of human capital investment. For that reason it must be part of any plan to create enterprise zones.

APPENDIX IV.

[From the Congressional Record--Extension of Remarks--August 4, 1981]

CAREER INTERN PROGRAMS

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 4, 1981

● Mr. **HILLIS**. Mr. Speaker, unemployment among our youth remains unacceptably high. Unless we take the necessary actions to lower the unemployment rate among teens, we will soon have an entire generation of capable people who have never held a meaningful job. This type of tragedy cannot be allowed to happen.

As our lives become more complicated due to ever higher levels of technology, the level of education needed to obtain gainful employment increases. Young people who have failed to learn how to read and write adequately, or who have simply dropped out of school, are unable to compete in today's job market. The sophistication of today's technologies means that even entry-level jobs require high school degrees at a minimum.

Our Government must address the problems associated with youth unemployment. To help in this effort, I have today introduced a bill which I feel will go a long way in solving the problems of youth unemployment. The bill will encourage local educational agencies to develop career intern programs (CIP).

The career intern program is not a new idea. It is a proven way of helping the educationally disadvantaged unemployed youth. The program was started in the early 1970's by Dr. Leon Sullivan through the Opportunities Industrialization Centers in six cities. Since then hundreds of young people have earned a high school degree through the CIP's.

The following is an excerpt from an OIC publication discussing in detail the career intern program. I commend this reading to every Member of the House. Hopefully, when the Congress returns in September work can begin to insure passage of this program.

The decade of the 1960's was a time of struggle, strife and turmoil. Millions of Americans who had been systematically excluded from the economic mainstream of American society demanded access to improved economic conditions. The nonviolent protests of the Civil Rights Movement opened the doors of opportunity for a few of these alienated and disenchanted Americans. The vast majority, however, lacking skills to compete for meaningful jobs, were left in a state of hopelessness, frustration and despair. Their anger erupted into riots in urban centers throughout America.

The Opportunities Industrialization Centers of America (OIC/A) was born during this period, led by Dr. Leon H. Sullivan, Founder and Chairman of the Board. OIC provides alternatives through training and services which enable the poor and the disadvantaged to make reality of their hopes. From the beginning, in 1964, the program focused on individualized, integrated work/life planning, fusing academic instruction, skills development and personal and occupational counseling.

Today, OIC/A is the largest private, nonprofit, skills-training network in America. OIC programs are in over 140 communities in various states, serving thousands of adult poor and disadvantaged persons.

As the impact of OIC/A spread throughout America and the world, Dr. Sullivan turned his attention to the problems of young people who were dropping out of high school. Without a diploma and without a job skill, they were poorly prepared for a constructive role in society. To stem the tide of dropout-ism, Dr. Sullivan formulated the Urban Career Education Center (UCEC) in 1971. It involved parents supportively in the educational, career and personal development of their children. It introduced career education concepts and techniques into traditional school curricula. The first CIP was a model, experimental career education program. With the endorsement and cooperation of the Philadelphia Board of Education, and the support of the National Institute of Education and the Office of Education, UCEC was initiated as a pilot project in Philadelphia, Pennsylvania. Its central component was an alternative high school program for potential and actual high school dropouts, as well as other students who needed help to integrate their educational, career and personal goals. Thus was born the Career Intern Program (CIP). Since then, expansion of the Program has been guided by the experience OIC has gained from organizing independent affiliates throughout America and abroad.

Formal, internal and external assessment has been rigorously applied to refine the CIP model. Current operations are rooted in the experience of what works. There are now five CIP branches, locally operated but based on CIP principles. The CIP design provides the flexibility needed to adapt to local conditions.

CIP requires each intern to set specific career goals and to work toward those goals. Interns are provided with a consistent flow of honest feedback on both educational and personal progress. Assessments are formalized in report cards; interns also are appraised in other ways: staff conferences review each intern's status, problems, progress and contingency alternatives. Thus, constant communication between staff and interns provides honest "readings" of individuals' progress.

Program performance has been objectively measured. In 1972, the National Institute of Education established an external evaluation component to conduct a rigorous formative and summative evaluation of the Career Intern Program.

The evaluation consisted of administering a battery of standardized instruments to measure the comparability of CIP interns to control and comparison groups in academic, career and personal growth. The control groups were randomly selected and the comparison groups consisted of traditional high school students. An ethnographic design was employed to identify casual linkages and basic interrelationships among various components of the CIP and observed intern outcomes. A follow-up component was added to the evaluation to determine what happens to interns after graduation from CIP.

No CIP program starts without the endorsement and a resolution of cooperation and support from the local school system. CIPs are authorized to function as an adjunct to the school system, to enroll eligible youth as interns, to help interns earn the course credits necessary for graduation and to validate those credits. The CIP course requirements and credit-awarding procedures meet local educational standards. CIP staff members should meet the certification requirements of the local school system.

Each CIP thus becomes semiautonomous, observing the procedures of the local school system but providing an alternative educational experience and setting for students. Each CIP cultivates a close working relationship with its local school system. It is not a rival, but rather a specialist and an ally to the school system, educating disadvantaged youth. Interns maintain their association with their "parent" school and can participate in athletic and extracurricular programs. Upon graduation, they receive diplomas from that school. The strong, cooperative bond between CIP and the local school system gives interns a mix which furthers their educational, personal and career goals.

For CIP to be viable on a local level, other strong supports have been established. These include, but are not limited to, cooperative linkages with the business and industrial sector, institutions of higher learning, skills-training and technical schools, social service and community agencies, state and local governmental institutions, civic and professional groups. CIP staff members continually strengthen and broaden this array of supportive linkages so that interns have access to a network of effective ancillary services. A CIP Advisory Council is an important channel for this support systems; with representation from the public and private sectors. Local Councils assist in expansion and practical implementation of the linkage system. Council members also advise the CIP leadership of changing conditions and new opportunities in the various fields they represent.

The CIPs incorporated the OIC policy of cementing partnerships with federal, state and local agencies. They recruited as advisors, executors of major business and industrial corporations, religious and social institutions, community and civic groups, and educational and professional organizations.

After passage of the Youth Employment and Demonstration Projects in 1977, Dr. Robert Taggart, former Administrator of the Department of Labor's Office of Youth Programs, and the National Institute of Education authorized OIC/A to establish four additional CIPs: Detroit, Michigan; New York, New York; Poughkeepsie, New York; and Seattle, Washington. This was to test whether CIP would work in communities with different clienteles and different programs.

In such manner, CIP evolved from problem-analysis, adapted OIC philosophies and formulated career education concepts which have been tested and have proven effective in a variety of settings. It is a replicable, educationally-sound model. It is flexible and responsive. It adapts to specific community and youth problems. Interns get individualized, one-on-one attention. The program fosters a supportive atmosphere. CIP interns respond positively to a staff which cares about them, respects them and gives them practical assistance in the maturation process. CIP interns develop social identity and a positive sense of status, tools which will help them all their lives. CIP is not where they have to be, but where they choose to be.

Interns learn first-hand how and why employers select, supervise, discharge or promote employees. They learn which skills, work habits and interpersonal techniques are essential. They learn about career options in the world of work. They are prepared to address that world and to negotiate for themselves a place in the economic life of the nation.

CIP staffs deal with the personalized needs of the whole individual. Academic progress is inter-related with personal well-being. Curricular materials, teaching and counseling methodologies are designed to facilite individual and groups inquiry, to fuse career and affective information into academic subject areas, and to provide opportunities for experimental learning through in-class and out-of-class experiences. CIP staff members impart positive expectations to interns and convey both the determination and inspiration that interns can, will and must succeed.

Recruitment is active wherever young people congregate. Referrals come from the school system. Others are nominated by social, religious, and community agencies, by parents and peers. Some candidates are found in pool halls, youth centers, and on street corners. CIP recruiting is designed to reach and involve all eligible and interested youth within a community.

From the first day, staff members strive to create an atmosphere of awareness, understanding and cooperation with a prospective intern. Parents are encouraged to become involved, as they must become an active and integral part of the educational process.

The Intake Interview and an assessment determine the youth's potential for adaptability to CIP, and that CIP is the program the youth is seeking and needs. Since CIP is designed to screen young people in and not out, all efforts are made to insure that a correct and unanimous decision is made by the prospective intern, his/her parent(s) and the CIP staff. If it is determined that another program would be more appropriate, CIP refers the youth to such a program. CIP staff "follow-up" afterwards to see that youth get such other services.

Orientation officially welcomes the intern into CIP and gives interns and their parents additional information about CIP. Orientation facilitates information exchange, fosters supportive relationships between interns, their families and staff, and establishes mutual goals.

Career Awareness course offerings are consistent with the courses required by the local school system. They vary in accordance with the state and local educational requirements. Classes and other activities provide fundamental academic skills, improve attitudes and stimulate interest. Instructors use creativity and initiative in designing course syllabi and lesson plans—consistent with school system requirements. They utilize minilessons, individualized instruction, small or large group interactions, didactics, and other teaching techniques. Subject matter, activities and materials are career-oriented. Career fairs, resource speakers, field trips, and off-campus activities correlate classroom subject-matter with the surrounding environment, the world of work, and personal, career and academic aspirations.

During the summer, interns become involved in other summer employment programs, summer classroom programming, off-campus educational programming, or consumer programming. This keeps them motivated and committed to learning while meeting their income needs.

CIP utilizes the entire community as a learning resource. More advanced interns who have accrued sufficient credits and are successfully progressing in all levels of CIP endeavors are involved in a variety of other activities. These include educational enrichment programs, collaborative programming with postsecondary institutions, technical schools, and on-the-job training.

Counseling is intensely individualized and encompasses academic, career, and personal development. Counseling sessions are held with each intern at least once every two weeks. Counseling is the coordinative bond to provide such services to interns as child care, employment, health, etc., from service resource centers within the community. Counseling also involves parents in support activities to assist interns in achieving their goals. Counseling support further prepares the intern for the attitudinal and behavioral adjustments which are required in the world of work.

As interns complete more quarters (or semesters depending upon the schedule of the local school system), and accrue more credits toward graduation, more advanced course work is introduced. A variety of more sophisticated instructional methodologies are used. More specialized career-oriented subject matter and supplementary materials are introduced. Career options are explored through career fairs, resource speakers who are employers, field trips, and off-campus activities. There is more intensive career counseling as well as greater parental involvement.

As interns begin to focus upon particular careers, they are prepared for their "hands-on" experiences. Interns spend time at worksites where they observe pace and procedures and learn the parameters and educational requirements of careers in which they are interested. This usually includes performing tasks, under a worksite supervisor, through which they learn more dimensions of the work world. (When company or union regulations preclude their performing "hands-on" tasks, the interns observe intently—and review processes and procedures afterward, in class.) Interns who complete the "hands-on" phase of their training have a more realistic perception of their career choices, the world, and the expectations associated with their career choices.

When the intern approaches graduation, planning for the next level of activity begins. Interns interested in college get enrollment and scholarship information. Interns interested in employment are taught job-finding skills. Those seeking advanced skills or technical training are assisted to enroll in appropriate institutions. Interns interested in the armed forces or on-the-job training are assisted in researching proper placement. CIP is designed to insure interns' transition into situations commensurate with their training, abilities, goals and ambitions.

Entering the 1980s, the problems of youth have reached epidemic proportions. With no chance for meaningful careers and lives, millions are dropping out of school. The unemployment rate has reached nearly 40% among some youths. Hopelessness and despair are spreading.

The CIP's effectiveness has been demonstrated in terms of the compelling evidence presented in the publication, the Career Intern Program: Final Report: An Experiment in Career Education That Worked and the Citing of CIP by the U.S. Divison of Education's Joint Dissemination Review Panel as an exemplary, educational program in 1977. Though the evaluation reports for the CIP Replication have not been published, (they are to be published by June 1981), the Interim Reports present strongly encouraging evidence, across sites, of the effectiveness of the CIP on a national plane. According to the Reports, among the findings are:

Statistically significant gains were observed in both reading and math across sites.

Statistically significant gains were observed across sites on the Planning, Use-of-Resources, and Informational Scales of the Career Development Inventory; the Self-Esteem Inventory, and the Internal-External Scale.

Enforcement of maintenance, system, e.g. school rules and regulations regarding promptness, appropriate apparel, etc., contributes to interns' internalizing "world-of-work" norms.

Enforcement of the program's maintenance component is also responsible for the absence of profanity, smoking in class or in the hallways, graffiti and loitering.

The use of contracts and various teaching devices contribute to a greater understanding and sense of responsibility on the part of the intern.

Maintaining high expectations of interns, personally and academically, contributes to an improved attendance pattern, higher grades, and increased self-esteem for many interns.

Providing a supportive context for interns contributes directly to increased attendance, higher grades, selection of a career, and graduation.

Providing auxiliary services, e.g. day care facilities, enable them to attend on a regular basis.●

Representative **Hawkins**. The next witness is Ms. Maudine Cooper, of the National Urban League.

Ms. **Cooper**. Thank you, Congressman Hawkins and Senator Quayle, and other members of this committee. It is an awful thing to do to a person to have them follow the likes of the Reverend Leon Sullivan, but I will do my best.

Both speakers have laid the case, I think, rather well, or made the case rather well, for the need and indeed, the continuation of manpower programs, and so I won't reiterate or restate any of those positions.

I will ask that my entire statement be submitted for the record and I will try to point out those highlights in the statement relative to the four pending measures before this body.

We start out by letting you know that the National Urban League believes that the objective of an employment and training program should be to provide job training for the unemployed and the underemployed, whose family income does not exceed 100 percent of the BLS living standard, with a view toward placing them in unsubidized positions.

The program should also provide a particular focus on the youth in order to prepare them for entry into the labor force.

My testimony is divided into several categories. The first one is funding. None of the recommendations made to this subcommittee will benefit program participants unless adequate and properly based funding is provided. We are very disappointed with the administration's proposal of $2.4 billion with only $1.8 billion for State and local employment and training. Such a sum is clearly grossly inadequate. And by the Department of Labor's own admission is designed to serve only 20 percent of those eligible under the administration's proposal.

The National Urban League recommends a funding level equal to at least that proposed by you, Congressman Hawkins—$5 billion. And we also recommend permanent authorization.

We would emphasize the importance of the use of unemployment and the number of low income families as a base for fund distribution, as again recommended in your bill. This is essential to proper targeting to those economically disadvantaged who should be and must be reached by this program.

On the issue of fund allocation, we point out our opposition to the requirement for matching funds. This concept fails to allow for the fact that States are not in a position to generate new tax dollars and the matching fund requirements in the past had been met by requiring the program operators, that is generally the CBO, to shoulder the burden of raising additional funds. This is particularly discriminatory against nonprofit organizations who unlike for-profit businesses, lack the assets necessary to meet matching fund requirements.

Recognizing then the critical hardship caused by matching fund requirements on a category of service deliverers of demonstrated effectiveness, we would urge that moneys formally allotted for a matching fund provisions be integrated with funds for grants to State and local program operators.

The second category is the delivery system. Grants to States gives them almost total responsibility for planning and implementation which we believe, at this time, to be particularly dangerous. It would expose the job training concept to the vulnerabilities of local voting blocks and political pressures and, in a large part, ignore the capabilities of prime sponsors who have indeed accrued over a decade of experience.

In addition, we recommend the maintenance of the present prime sponsor system with a strong Federal role for monitoring and oversight. Recognizing, however, the need to decrease the number of service delivery areas and to guarantee a maximum amount of efficiency, we would support service delivery areas with populations of 200,000 or more.

Each service delivery area should have one planning council, the members to be appointed by the chief elected official of the area. That council should include no more than 50 percent representation from business and industry, at least 15 percent representation from CBO's and representatives of other groups such as labor, education and so on.

The next category is eligibility. The League recommends that the program be targeted to economically disadvantaged persons age 16 or older, with family incomes that do not exceed 100 percent of the BLS living standard as I have stated; and to those eligible for cash welfare payments during the 6 months prior to application. We are opposed to the use of employment and training funds for in-school youth aged 14 to 15 unless the educational system can be held accountable for its role in that system. In the past it has been very difficult to track progress or failure of in-school youth because of ineffective means of accountability by that system.

At the very least an employment and training program should require that the number of high school graduates increase if school systems are to use employment and training funds to facilitate job readiness. At least 50 percent of funds should be used to serve youth between the ages of 16 and 24, allowing for services to that increasing population which passes in age of 21 without ever having had a job.

The next point we are concerned with, of course, is the role of community based organizations. Again, the prior speakers have addressed that issue and I will move on to national programs.

There is a move to eliminate the provision that would indeed allow for exemplary demonstration programs. We recommend the provision of funds to address persons who face particular labor market disadvantages due to the continuation of national programs.

Performance standards is something that perhaps we ought to discuss here. There should be a separate performance standard developed for youth and adults. For in-school youth, use of standards should be based on educational achievements, school completion rate, and referral for further training. Performance standards for out-of-school youths and adults should be based on such factors as retention in unsubsidized employment, increased hourly wages, and placement. The larger and perhaps most sticky issue is allowances. We do believe that under certain circumstances there should be allowances made for those who can demonstrate the need. We don't want this new job training program to become one that is based purely on affordability.

On the issue of administrative costs, we believe that there should be at least 20 percent administrative costs for employment and training programs. We believe that State programs and responsibilities should rest with the Governor in certain instances, particularly where there is a balance of State operations.

There is a summary of our testimony that gives you the highlights. We encourage you to examine that and I would be willing to address any other questions that you might have.

Representative HAWKINS. Thank you, Ms. Cooper.

[The prepared statement of Ms. Cooper follows:]

Testimony of

MAUDINE R. COOPER
Vice President for Washington Operations

NATIONAL URBAN LEAGUE, INC.

Before the
House Subcommittee on Employment Opportunities
and the Senate Committee on Employment and Productivity

on

Employment Training Policies

Room 2175
Russell Senate Office Building

Wednesday, March 17, 1982
9:00 a.m.

The National Urban League (NUL), founded in 1910, is a non-profit community service organization committed to securing equal opportunities and the full participation of blacks, the poor and members of other minority groups in American life. The Urban League seeks to bring about changes in government and social systems which produce disparities among groups of Americans.

Working through one hundred and eighteen affiliates in thirty-seven states and the District of Columbia, four Regional Offices and the Office of Washington Operations, the League has a multi-racial staff of more than 3,000 individuals who are trained in organizational management as well as the social and behavioral sciences. The Urban League movement is reinforced by a cadre of more than 32,000 volunteers.

We have served young and disadvantaged minorities through employment and training programs for most of our 71 year history. As service deliverers, we have consistently advocated a comprehensive jobs training program. And given the continued devastating unemployment rates, especially those reflecting the plight of our minority youth, we consider this forum one of the most critical to our nation's future. This body is charged with legislating the means by which the young and disadvantaged will become part of the national workforce, severing the ties of dependence and contributing to our nation's economic well-being.

This is indeed a tremendous task. For recognizing that unemployment reaches into all sectors of our society, we must not only determine how services are rendered, but we must determine who should be served. The issues are further complicated by the present climate of changing federal, state, and local relationships and shrinking resources. Yet we have the wisdom of years of research and more than a decade of experience with CETA from which to benefit.

With that in mind, the National Urban League believes that the objective of an employment and training program should be to provide job training for the unemployed and underemployed, whose family income does not exceed 100 percent of the BLS lower living standard, with a view toward placing them in permanent unsubsidized employment. The program should also provide a particular focus on youth in order to prepare them for entry into the adult labor force.

To effectively reach that stated objective, the League considers certain components essential to any jobs training legislation. We welcome the opportunity to discuss the various employment and training proposals before us today: The Administration's Job Training Act of 1982; The Training for Jobs Act, co-sponsored by Senators Quayle and Kennedy (S. 2036); Representative Jeffords' Productivity and Human Investment Act (H.R. 5461); and Representative Hawkins' Community Partnership for Employment and Training Act (H.R. 5320).

FUNDING

None of the recommendations made to this subcommittee will benefit program participants unless adequate and properly based funding is provided. We are sorely disappointed with the Administration's proposed $2.4 billion, with only $1.8 billion for state and local employment and training. Such a sum is grossly inadequate, and by DOL own's admission, is designed to serve only 20% of those eligible under the Administration's proposal. The League recommends a funding level equal to at least that proposed by Representative Hawkins -- $5 billion. It should be permanently authorized.

We would emphasize the importance of the use of unemployment and number of low-income families as a basis for fund distribution, as recommended in the Hawkins bill. This is essential to proper targeting to those economically disadvantaged who should be reached by the program.

On the issue of fund allocation we point out our opposition to the requirement of matching funds. This concept fails to allow for the fact that states are not in a position to generate new tax dollars; and the matching fund requirements in the past have been met by requiring that program operators shoulder the burden of raising additional funds. This is particularly discriminatory against non-profit organizations who, unlike for-profit businesses, lack the assets necessary to meet matching fund requirements.

Recognizing, then, the critical hardship caused by a matching fund requirement on a category of service deliverers of demonstrated effectiveness, we would urge that monies formerly allotted for a matching fund provision be integrated with funds for grants to state and local program operators.

THE DELIVERY SYSTEM

During the few years following the enactment of CETA in 1972, we witnessed the inefficiency and inadequacy that characterized the Nixon Administration's block grant approach to jobs training. Amendments in 1976 and 1978 addressed the failures by ensuring a stronger federal role, requiring greater accountability from states and localities. To grant States almost total responsibility for planning and implementation at this time would dangerously expose the comprehensive jobs training concept to the vulnerabilities of local voting blocs and political pressures and, in large part, ignore the capabilities of prime sponsors who have accrued over a decade of experience. In addition, the development of a new approach, requiring the establishment of a new planning and delivery system, will undoubtedly put tremendous pressure on already shrinking resources. So we have to question the States' ability to shoulder the sudden increased responsibilities.

At a time when the economy continues to force individuals out of the workforce while successfully barring millions of others from entry, we should focus on the benefits of a workable system instead of returning to a failed structure (for the sake of some broader concept). Therefore, we recommend the maintenance of the present Prime Sponsor system with a strong federal role for oversight and monitoring. Recognizing, however, the need to decrease the number of service delivery areas and to guarantee a maximum amount of efficiency, we would support service delivery areas with populations of 200,000 or more.

Each service delivery area should have one planning council, the members appointed by the chief elected official of the area. It should include no more than 50% representation from business and industry, at least 15% representation from CBO's and representatives of labor, education, veterans and handicapped organizations, the eligible population, and public assistance agencies. "To assure objective management and oversight, and to maximize cooperation in the choice of service providers," as suggested by Congressman Jeffords' Act, this body should not be eligible to provide services to the client population. In addition, we would propose that 2-year plans, developed by these councils, be open to public review and comment consistent with the present legislative mandate.

ELIGIBILITY

The League recommends that the program be targeted to economically disadvantaged persons aged 16 or older with family incomes that do not exceed 100 percent of the BLS lower living standard; and to those eligible for cash welfare payments during the six months prior to application. We are opposed to the use of employment and training funds for in-school youth aged 14-15 unless the educational system can be held accountable for its role. In the past it has been very difficult to track progress or failure of in-school youth because of ineffective means of accountability. At the very least an employment and training program should require that the number of high school graduates increase if school systems are to use employment and training funds to facilitate job readiness.

At least 50 percent of funds should be used to serve youth between the ages of 16-24, allowing for services to that increasing population which passes age 21 without ever having had a job. Indeed the unemployment rate (unadjusted) for those aged 20-24 is 15.3 percent. The rate (unadjusted) for blacks in this age group more than doubles that of whites at 30.7 percent compared to 13.4 percent. We submit that services should be provided to this age group as well as to those 16-19.

Consistent with our view that this program should specifically focus on the economically disadvantaged, we would not support income eligibility exemptions for any population groups. We would however, urge that groups with significant barriers to employment, e.g., handicapped, offenders, displaced homemakers, be given priority status after entrance into the program.

ROLE OF COMMUNITY-BASED ORGANIZATIONS

Community-based organizations have successfully emerged over the years as capable and effective service deliverers. Employment and training legislation has consistently and explicitly included the participation of "community-based organizations of demonstrated effectiveness," acknowledging the community-based organizations' (CBO's) special expertise and innovativeness in working with local program participants. Functioning as part of the client community, CBO's continue to serve the economically disadvantaged through effective training and high placement rates at low costs. The needs of this nation's jobless, economically disadvantaged and minority populations must continue to be addressed at every level of government. Therefore, CBO's should be given special consideration in light of their demonstrated expertise in serving those most in need.

All of the proposed legislative initiatives call for a partnership between for-profit and non-profit organizations. While we agree with this, we must also point out that many among corporate America, who are friends of the NUL, admit that they are not suited to serve the hard-core structurally unemployed. CBO's, on the other hand, are noted for their effectiveness in service delivery to this very population.

Because of this, we strongly urge that CBO's of demonstrated effectiveness should play a significant role in the planning and implementation of jobs training programs. They should be explicitly mandated as eligible service deliverers as well as a substantial part of local planning councils.

NATIONAL PROGRAMS

While we support the Prime Sponsor system, there are issues that transcend local problems. Therefore, there should be special initiatives at the national level to address these needs. We recommend the provision of funds to address persons who face particular labor market disadvantages, e.g. offenders, persons of limited English proficiency, single parents, youth, displaced homemakers, etc. National CBO's of demonstrated effectiveness should be specifically included as eligible recipients of funds for programs designed to address persons with these special disadvantages.

In addition, the Secretary should continue to fund national CBO's of demonstrated effectiveness to enable them to provide training and technical assistance to local program operators. Finally, demonstration projects should continue to be encouraged from the national level.

OTHER PROGRAM ELEMENTS

PERFORMANCE STANDARDS

There should be separate performance standards developed for youth and adults. For in-school youth the standards should be based on educational achievement, school completion rates, and referral for further training. Performance standards for out-of-school youth and adults should be based on such factors as retention in unsubsidized employment, increase hourly wages, and placement. Performance standards should be developed while taking into account the various economic conditions of each state and the job-related problems of their populations.

The Secretary should allocate an additional five percent of funds to prime-sponsors who exceed performance standards.

ALLOWANCES

There has been a great deal of controversy surrounding the issue of stipends--minimum wage payments to eligible participants during their training. While we recognize pragmatically the need to maximize the use of training dollars for training, we also recognize that employment and training must not be limited merely to those with resources, but must be availalbe to all who are in need and who want to learn.

Some argue that the absence of stipends means that only the motivated will seek entry. We in the National Urban League believe that those who are motivated but lack resources should not be excluded simply because they cannot afford to participate. The payment of stipends should therefore be made available for eligibles who demonstrate that participation would be impossible otherwise.

The NUL supports the use of the following allowance payments:

1) Allowances for participants in short-term training programs (to eight weeks) should be limited to transportation and supportive services;

2) Wage subsidies for try-out employment in high demand, growth occupations with career prospects and an entry wage at least double the federal minimum wage;

3) Cost allowances that will reimburse participants who must travel outside their residential bases to participate in training programs, leading to permanent employment in growth occupations;

4) Share income maintenance costs for welfare and unemployment insurance recipients by requiring continued benefits while these participants are in training.

ADMINISTRATIVE COSTS

We would recommend that at least 20 percent of employment and training funds be allowed for administrative costs, as proposed in the Quayle-Kennedy bill. A 15 percent limit is not sufficient within the current definition of such costs. Either the limit should be raised to the current 20 percent or revisions in the definition of administrative costs should be made in regulations implementing the Act.

Should the definition of administrative costs be altered, we would suggest the deletion of at least the following items from the definition:

- Cost of salaries, wages, and support costs of those trainers, counselors, and supervisors whose activities would not exist but for their actual provision of support to clients.
- Costs to publication and duplication of any pamphlets, leaflets, etc. developed for the support of clients.
- Bank costs incurred by the subgrantee where the reimbursement process of the federal government or prime sponsor does not occur in a fashion adequate to maintain proper cash flow.

STATE PROGRAMS AND RESPONSIBILITIES

We agree with Representative Hawkins' proposal for State-run programs which includes responsibilities for Balance-of-State programs and an additional 10 percent set-aside for Governors-Grant Programs.

Each Governor should appoint a State Employment and Training Coordinating Council composed of chief executives or operating officers of private-for-profit organizations and representatives of CBO's, education, labor, veterans, handicapped and the eligible population.

The State Council's responsibilities should include reviewing program plans and operations of the Governor's program and those of related States agencies. Also the Council should participate in the development of the Governor's plan and advise the Governor on plan effectiveness.

SUMMARY

- The employment and training program should be permanently authorized; the FY 83 funding level should be at least $5 billion.
- Training should be delivered through the present prime sponsor system with some flexibility for program design; however, the administrative requirement must be in place for federal control.
- Local planning councils appointed by the chief local elected official, develop 2-year plans, with performance goals, addressed on an annual basis. Plans should be approved by the local elected officials; disputes are resolved by the state.
- The program should serve economically disadvantaged persons aged 16 or older with a family income not exceeding 100% of the BLS lower living standard or who are eligible for cash welfare payments during the 6 months prior to application, or who is a foster child.
- At least 50% of funds should be used to serve youth aged 16-24.
- CBO's should be specifically mandated as significant participants in the planning and implementation of training programs.
- National CBO's of demonstrated effectiveness should be included as authorized service deliverers to address the problems of persons with special labor market disadvantages.
- Separate performance standards should be developed for adults and youth.

Representative HAWKINS. Ms. Fleming.

Ms. FLEMING. Thank you for the opportunity to appear today.

I direct Wider Opportunities for Women, or WOW, which is an independent national nonprofit organization that's worked for 18 years to achieve economic equity for women through employment.

Today I also represent 10 national organizations which have joined WOW in a nationwide grass roots campaign, Women's Campaign for Jobs and Economic Justice. These groups named in our testimony represent hundreds of thousands of members and span every State in the union.

In addition I represent the 112 community women's employment organizations whose names are attached to our written testimony and I have also brought testimony from several of these groups to be entered into the record.

This is particularly important because during this week of joint hearings, as far as I know, I am the only person out of 88 witnesses speaking for women's organizations, even though women are more than 60 percent of the eligible population.

I have attempted to compress my verbal testimony to fit the allotted time, highlighting only the most central issues. Therefore, please bear with me. I'll try to be brief.

You have our written testimony before you, so today I will simply recap a few of the major 1978 measures that made economic self-sufficiency a reality for scores of poor women. Gains which are in jeopardy today.

First, women were specifically identified as a target population, and equitable services by sex were mandated. Women comprise the majority of the poor, but have long been chronically underserved.

These 1978 targeting inequity provisions along with close monitoring resulted in significant new gains including many unusually successful and cost effective program approaches that we have detailed in our testimony.

We are gravely concerned that none of the four proposals adequately targets women. This is a necessity if economically disadvantaged women are to be equitably served. Even in WIN, which serves AFDC recipients, but did not specifically target women, our experience has demonstrated that men have been given the first priority in training and placement.

Displaced homemakers through a broad based bipartisan effort over nearly 3 years, won a place as an ongoing national program under title III, and won funding under title V of the Older Americans Act for programs to meet the employment needs of older women. These were populations that heretofore had fallen through the public policy cracks.

None of the four proposals includes the national displaced homemaker program. Secretary Donovan testified on Monday that the administration is committed to maintaining the Older Americans Act, two-thirds of whose participants are women, as intact as possible. As we had understood, the act is zero budgeted, so we would like to hear from the administration just what the authorized budget is.

For the first time also nontraditional occupations were encouraged as were activities to overcome artificial barriers to employment in such things as sex sterotyping or family responsibilities.

These vitally important provisions are missing from the four proposals before us.

And fourth, under the 1978 legislation, stipends and supportive services were provided to enable participants to remain in and complete training. With costs of child care transportation and subsistence for their families while training, covered female heads of household were able to participate in the programs that gave them job skills needed to escape from poverty.

Secretary Donovan also testified that many programs had been successful without stipends but we must ask for whom? Certainly not for female family heads who must find some means of caring for their children in order to even participate.

The elimination of stipends added to the steady reductions in income maintenance programs will mean that low income female heads of household will be even more effectively blocked from full participation in the work force.

Effective mechanisms for public access to the planning process were also put in place in 1978 and local groups for the first time were able to monitor planning and performance at the community level. Such monitoring was crucial in documenting for the first time serious underservice to women and also to efforts to achieve inforcement of local accountability. These provisions create an effective backup for Federal enforcement and insure that local needs are heard.

Title VII was authorized in 1978 to encourage the involvement of private industry and employment and training for the disadvantaged. An approach that has been substantially expanded in the four current proposals. It makes sense that the private sector should have an important employment and training role but we are concerned at the prospect of turning the system over to the private sector. The private sector, including both large and small enterprises, has been neither willing nor able to shoulder what has been generally a public function. Jobs are increasingly generated in the small business sector. A sector economically vulnerable and unable to provide training for the economically disadvantaged in significant numbers. The bottom line for the private sector is profits. For the public sector it is accountability to the public for the way its money is spent.

We believe that for women to benefit from this turn to the private sector, public-private partnerships including community based organizations must be formed in which the public sector monitors to insure that women are served, that women are not funneled solely into poorly paid sex stereotyped jobs and that outreach to women occurs.

These measures enacted in 1978 gave the employment and training system the potential to be responsive to those it was designed to serve, attempted to insure that public employment and training dollars were spent for the economically disadvantaged including women and provided the Labor Department with a system that could monitor performance. We would agree that the system is often cumbersome, inefficient and frequently unfair to those best serving its participants. However, we feel that it is a serious mistake in the words of Chairman Hawkins on Monday to treat the good in the system as one would treat the bad.

While the system undergoes improvement and streamlining, there are four major principles that must undergird it, whatever its structure is. First, there must be national program standards to target women to allow for effective oversight and an efficient system to measure accountability.

Second, an effective mechanism for private sector investment in employment and training must be developed. A balanced private and public partnership drawing on the complimentary strengths of the public, private and community sectors that must be enlisted to make any such plan succeed.

Third, the system must have the flexibility to meet emerging employment and training needs without diverting resources from populations most in need. For example, while we are most concerned with the problems of dislocated workers, along with other newly unemployed groups including the women and minorities so disproportionately affected by the RIF's and while the Nation must address their problems, we feel that these groups comprise a different distinct population that must be served separately. They all have skills, they are easily retrainable and they have recent work experience, and their problems are quite different from those of the structurally unemployed.

And last, a strong Federal role is essential in order to monitor the use of these public moneys and insure equitable services to women.

To close, we are sure that you, too, wish to avert the increasing poverty of women and their children and hope to design a bill that will accomplish this. To this end we will work with you throughout the coming period to achieve such a policy. Thank you.

Representative HAWKINS. Thank you, Ms. Fleming. These other documents from other women's organizations to be submitted to the record——

Ms. FLEMING. Yes.

Representative HAWKINS. Without objection, the documents Ms. Fleming referred to from various women's organizations, will be placed in the record following her remarks. Thank you.

[The prepared statement of Ms. Fleming and material referred to follow:]

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Testimony Before the
Joint Hearings
of the
Senate Subcommittee on Employment and Productivity
and the
House Subcommittee on Employment Opportunities

Jane P. Fleming
Executive Director
Wider Opportunities for Women

Supported by:
Ten National Women's Organizations
and
112 Community Women's Employment Programs

Women's Work Force/A national resource and advocacy network of women's employment organizations.
Career Development Services/Career planning, job search, special projects.
Nontraditional Work Programs/In the building trades, electro-mechanics, auto mechanics, electronics. 1619 M Street, N.W., Washington, D.C. 20036 (202) 783-5155.

I am Jane Fleming. Executive Director of Wider Opportunities for Women (WOW), an independent national nonprofit organization which has worked for 18 years to achieve economic equity for women through employment. Today I also represent ten national organizations which have joined WOW in a national effort we are calling the WOMEN'S CAMPAIGN FOR JOBS AND ECONOMIC JUSTICE. There groups, named in our testimony and present here today, represent thousands of members and span every state in the United States. Further, I am representing today the 112 community women's employment programs affiliated with WOW's Women's Work Force Network, programs which have pioneered employment and training programs for women during the past decade. These programs have developed innovative and successful ways for women (ranging from teenaged girls to women over 60) to achieve economic self-sufficiency. Today we are united in a single purpose--to express our concern about the employment and training proposals now before you and to recommend ways in which they can be strengthened to provide training for unemployed, underemployed and never-employed-for-pay women who must support themselves and their families.

The 1978 CETA Act

In 1978, women's groups concerned about jobs for women believed we had scored a major victory. Thousands of members of the groups I represent here today expressed to their legislators their concern about the lack of services for women and the sex-stereotyped training provided under the previous employment and training legislation. The 1978 CETA Reauthorization represented a policy shift: women were designated as a target group; a national program for displaced homemakers was created under Title III, and displaced homemakers were designated a target group under Title II; training for nontraditional jobs was emphasized; and sex equity in services was a mandated and measurable goal.

From 1978 to 1982, women's and civil rights groups worked to see that this legislative policy shift was implemented at the local level. Several of the groups which join our testimony today have carefully researched and monitored that slow but steady progress. Several groups brought suits to hold prime sponsors accountable to their charge to serve women equitably. Many of us worked together last year to see that the hard-won national displaced homemakers program established in Title III was not eradicated through budget cutbacks.

During this four-year period major gains were made:

- o Displaced homemaker programs provided job readiness and occupational skills to women who otherwise faced public assistance or who were ineligible for even that support;
- o Older women--through Title V of the Older Americans Act and CETA older workers programs--received employment and refreshed skills while providing vital community services;
- o In 1981 alone, the then 80 affiliates of the Women's Work Force Network provided 35,000 women--most with multiple employment barriers--with the job search skills and occupational training to become self-sufficient.

Achieving these gains has been slow and hard. Much remains to be done. All the CETA research maintains that women--even with the policy mandates of 1978--remain underserved in employment and training programs. The wage differentials in the United States continue: women are still paid 59¢ to each $1 paid to men. This means that the average woman must work nearly 9 days to gross what a man receives for 5 days' labor.

This differential is increased when age and race are added factors. A recent (3/6/82) UPI bulletin notes that even where men and women share an occupation, women receive significantly lower wages; and, each day we are assailed by the dismal statistics that women are the majority of the victims of layoffs and RIFs, the result of the worsening national economy.

Women's economic crisis has never been so dramatic.

The Feminization of Poverty

> "All other things being equal, if the proportion of the poor who are in female-headed families were to increase at the same rate as it did from 1967 to 1977, they would comprise 100% of the poverty population by about the year 2000."

This is the startling conclusion reached by the National Advisory Council on Economic Opportunity in its twelfth annual report, Critical Choices for the 1980's. The Council's report looked at the sex, age, and race of the poverty population in the United States and at the ways this population has changed over the past two decades. It also examined the extent to which public policy has influenced these developments.

In summary, the Council reported that while the total percentage of those living in poverty has declined since 1960 (down from 35% to 25% of the total population) the major beneficiaries of this decline in poverty have been white, male-headed families. From 1964 on, women and minorities have been virtually unaffected by the gains during the period in question.

The number of female heads of household increased more than 30% between 1970 and 1979 (to a total of 8,456,000). By 1978, one in every three of these female-headed households lived in poverty, as opposed to one in 18 male-headed households. In 1978, there were about 1.2 million fewer poor children in families headed by men than in 1968--but there were 1.5 million more poor children in families headed by women. As Critical Choices expressed it:

> "To the extent there have been 'winners' in the War on Poverty during the 1970's, they have been male--and mainly white....The feminization of poverty has become one of the most compelling social facts of the decade."

The reasons for the increasing poverty of households headed by women are numerous--the pattern of the unpaid, undervalued work of homemakers; the segregation of women into low-paid, dead-end jobs; the lack of adequate, low-cost child care; the sex-stereotypic education of women and girls; and sex discrimination in the workplace are just a few. To those of us represented in this testimony, JOBS (access to and training for jobs) and EARNINGS are the key.

A Strong Federal Role

To have an impact upon these two key issues, a strong federal role is critical. While we are sympathetic to the theory that local or state governments are most aware of local needs, the theory is invalid when applied to the issue of sex equity. The breakdown of this theory has been proven consistently in the vocational education and federal employment training systems, both of which are characterized by a wide margin of state and local discretion.

The perpetuation of this theory and its incorporation into national policy is based on symbiotic myth: first, that local policy makers are devoid of sex, race or age bias; and, second, that it is in their best interest to serve those most in need. With the cost per placement goals of the current employment and training system, there is little incentive to be either unbiased or to serve those who most need federal intervention to get jobs.

Today, with unemployment rising--and that of women, especially women of color or advanced age rising disproportionately with the application of "last hired, first fired" policies--a strong federal role is the bottom line for women. Whether the new system is administered at the local or state levels, our first recommendation is that sex equity be federally mandated and that a system for holding states and localities accountable be part of any new employment and training system. Indeed, without this federal mandate, the organizations represented in this testimony believe that the crisis of female poverty will be escalated drastically. Not only will women and their children be poor, with critical support services eliminated through budget cuts, but the way out of poverty to self-sufficiency will be effectively blocked. We cannot accept that this is your goal.

Acknowledging that your goals are to streamline a system badly in need of overhauling. to clarify and foster the movement of economically disadvantaged persons into private sector jobs, and to target limited resources on those who would otherwise depend upon government assistance, we offer the following insights and recommendations as guiding principles. These principles are the foundation . of a system which could assist women in need, and produce long-term, economically sound results. These principles are partially embodied in many of the employment and training proposals, yet no proposal fully incorporates or adequately addresses them all. We will work toward that end with each of the proposal sponsors, and we offer our assistance to the committees in developing appropriate language, concepts of models that work, and research data supporting the need to incorporate and address these principles.

I. Maintenance of Woman-Targeted Language

The organizations represented in this testimony fully support the continuation of woman-targeted language in any employment and training legislation. It is clear that youth targeting is a concern of both committees and of the Administration. And, while public assistance recipients--the target of several of the proposals--are predominantly female, we believe that economically disadvantaged women, especially female heads of household, should be targeted with youth in the national employment and training legislation. Furthermore, we recommend that a national performance standard be added as an amendment to all four proposals which holds the administering agency--prime sponsors, PICs or governors--accountable for equitable service to women and persons of color. Together, targeting language and national standards build into the system an incentive to serve those most in need and provide a mechanism by which results can be gauged.

We also support the continued targeting at the national level of groups with multiple employment barriers--especially displaced homemakers, older workers, women offenders, and women entering the trades and technical occupations. Innovative approaches, new alternatives, and intensive advocacy will be required to acquire and maintain jobs for these groups in a period of high unemployment. We oppose the minimal funding of these pioneer efforts, however, and believe that the funds requested for the national program in each proposal are grossly inadequate. We believe that the continuance of national efforts for these groups will be required during the period of fiscal austerity ahead.

II. Displaced Workers

As a group, we recommend that a national program be developed for displaced workers which is distinct from and funded separately from a federal employment and training bill. Because many workers being laid off are in severe need of assistance to maintain their families, retraining and perhaps even relocation programs should be developed and implemented. This is a clear national need. Current RIF and lay-off policies have hit women and persons of color disproportionately. Yet these workers share with other displaced workers skills developed on the job, recent work references, and other basic employability tools. These should be built upon in a program directed to retrain these workers for related high demand jobs. It is crucial, however, that we realize this as a distinct goal and design cost-effective retraining and job search strategies which do not pit the displaced worker against the welfare mother in the employment and training arena. Women, often displaced from their sources of support after years as homemakers and mothers, sympathize greatly with the fiscal and psychic stress now felt by displaced workers and their families. A national response which refuses to pit one against the other and which recognizes the different needs of each group is a vital necessity.

III. Citizen Participation/Public Access

With the inclusion of the citizen participation and public access language in the 1978 CETA Reauthorization Act, local groups for the first time found it possible to monitor the planning and performance of CETA at the community level. This was a particularly crucial issue for women's groups. All of the monitoring work which revealed underservice to women was made possible through the 1978 planning and public access requirements. The Chicana Rights Project of MALDEF, the National Congress of Neighborhood Women, and Women and Employment in West Virginia all pioneered local accountability efforts. Without the citizen participation and public access language, these groups would have been unable to demonstrate underservice. Furthermore, a grievance process should be developed for the 1982 bill which will assure a speedy administrative review and access to judicial review when necessary. These processes are the crucial follow-up to a bill which mandates sex equity legislatively. They are the tools for community enforcement, should systemic enforcement not occur.

IV. Stipends and Support Services

A fourth principle which is key to an employment and training system capable of serving women is the provision of adequate support services, the availability of stipends or allowances when needed, and the resolution of the administrative conflicts between systems serving public assistance recipients and the employment and training system.

Female heads of household will be unable to participate in a system which denies funding for adequate child care, transportation to training, and allowances if there is no other income to support the trainee and her dependents. A system which targets such individuals, yet provides obstacles to their access to the system, has built in congenital handicaps. Furthermore, if the program goals are to train eligible participants for skilled jobs with decent wage potential, such stipends and support services must be provided. A long-term commitment of six months to a year of training can otherwise not be sustained by the woman and her family.

Chairman Hawkins and Congressman Jeffords have each considered these issues in their proposals. The Quayle-Kennedy proposal and the proposed Administration bill each must come to terms with them before they can hope to serve the female adult or female youth populations.

Finally, the administrative gaps between the proposed workfare programs and the employment and training proposals must be ironed out in Congress. Otherwise, welfare recipients will be financially penalized for participating in the very training programs designed to serve them, or be barred from participating at all. We trust that the committees will commit themselves to disentangling what appears to be conflicting eligibilities and requirements.

V. Performance Standards

As a group, we applaud the attempt of the sponsors of the proposals to clarify the goals of the program and to devise national performance standards. We also applaud the use of performance standards--if accurately designed, monitored and reviewed--in future allocation of funds. Yet we caution the Committee not to set in place a system that will encourage and reward short-term solutions.

Changes in earnings/income are a solid basis for evaluating the success of a federal employment and training program if:

1) there is a system in place to monitor who is served and a standard of equitable service to women and persons of color;
2) the kinds of jobs acquired and job retention are monitored;
3) an adequate period of measurement is allowed so that training can be provided which substantially enhances employability and provides time for acquisition of basic education skills if these are required.

We urge that cost per placement be dropped as a standard at all levels and that streamlined reporting systems be developed to hold states or localities accountable for:

1) changes in earnings demonstrating increases in income after training;
2) demonstration that equitable services have been provided on the basis of color and sex;
3) demonstration that training and services have led to high demand employment with adequate wage potential;
4) demonstration that these standards are met within 18 months of enrollment.

Further, we hope to hear from sponsors how such standards will be assessed at the federal level and hope to see an accountability system which is as free as possible from political "buddyism".

VI. Public/Private Partnership

While we recognize that any quality employment and training program works closely with the private sector, we are concerned about the theme persistent in all four proposals of turning the system "over" to the private sector.

The private sector has not been shown to be either willing or capable of shouldering what has been a primarily public function. Jobs are increasingly generated in the small business sector, a sector vulnerable to difficult economic times and currently not a provider of training for the economically disadvantaged in any great numbers. Large corporations which have invested in training the disadvantaged--like Honeywell, Control Data, and Digital--have worked closely with community-based groups to make such training work. Most frequently public dollars have been invested. We believe that for women to benefit from this turn to the private sector, public/private partnerships must be formed in which the public sector monitors to aassure that women are served, that women are not funnelled solely into dead-end, sex-stereotyped jobs, and that outreach to women occurs. Community women's employment and training programs have extensive experience in this area and can be tapped for innovative models of achieving such a partnership.

Successful Techniques Exist

In the face of the overwhelming statistics, you may currently believe that the federal employment and training system cannot successfully address itself to the needs of economically disadvantaged women in a cost-effective and successful manner. Among the groups which join me in testifying today are a number which demonstrate that community, cost-effective solutions do exist. Many of these programs demonstrate a public/private partnership in league with a community based women's program. They are replicable and they were made possible because of the targeting of women in the CETA legislation and the advocacy of women in the community, and the investment of public funds.

> Wider Opportunities for Women, the organization which I direct, has trained and placed over 800 low-income women, primarily young women and women of color, in high demand jobs in engine mechanics, electromechanics, electronics, and the construction trades with the support of industry and unions. From 1977 to 1980, in all of these occupations, the average placement rate was 75%. The average entry wage was $5 per hour.
>
> The Women's Technical Institute in Boston, Massachusetts, trains women for technical and blue collar jobs. In a recent CETA-eligible electronics class, 88% graduated and were placed in electronics jobs with an average starting wage of $13,500 per year.
>
> Project Greenhope in New York City works with women offenders, providing training in housing repair, rehabilitation, and weatherization. Placement rate for its program averages 60% and women participants have also renovated East Harlem buildings to create livable, safe living areas for themselves and their families.
>
> The Door Opener in Mason City, Iowa, has trained CETA-eligible women, displaced homemakers, and young girls in establishing rural service businesses, including soil testing and pest monitoring. Entry level pay was $5 per hour.

Such success stories are neither remarkable nor impossible to duplicate. They are programs made possible by a public policy mandate to serve women, by the ingenuity of women's programs in the community, then determination to see the policy implemented effectively, and the cooperation and interest of employers and unions. This kind of partnership is a winning combination.

Conclusion

The groups which have joined me today in this testimony attest to our common concern that the successes achieved in the past and the principles outlined here are in jeopardy in the employment and training proposals before us. We urge your attention to the issues represented here and to the families who will suffer the consequence of the policies which are now under consideration.

We pledge our time and energies to working with you toward incorporating these principles in the proposed bills. We plan to begin by undertaking a public education effort on these issues through our WOMEN'S CAMPAIGN FOR JOBS AND ECONOMIC JUSTICE.

We are sure that you, too, wish to avert the increasing poverty of women and their children and hope to design a bill which will accomplish this with limited resources. While we encourage you to expand the needed resources now, we realize the exigencies of the national fiscal crisis. We believe in the economic good sense of training for the jobs which are emerging--and especially for training those most in need. To this end, we will work with you throughout the coming period of policy design and budget authorization to achieve a policy that will benefit women and their families.

SUPPORTING THE TESTIMONY:
AFFILIATES OF THE WOMEN'S WORK FORCE NETWORK
OF
WIDER OPPORTUNITIES FOR WOMEN

1. Access Enterprises
   Portland, Oregon

2. Advocates for Women
   San Francisco, California

3. All Craft Foundation
   New York, New York

4. Alternatives for Women Now
   Camden, New Jersey

5. Arizona Women's Commission
   Phoenix, Arizona

6. Baltimore New Directions for Women
   Baltimore, Maryland

7. Career and Vocational Advisory Service
   Boston, Massachusetts

8. Center for Continuing Education of Women
   Ann Arbor, Michigan

9. Center for Vocational Personnel Preparation
   Indiana, Pennsylvania

10. Center for Women in Government
    Albany, New York

11. CHART
    Minneapolis, Minnesota

12. Coal Employment Project
    Dumfries, Virginia

13. Creative Employment Project
    Louisville, Kentucky

14. The Door Opener
    Mason City, Iowa

15. Everywoman's Opportunity Center
    Buffalo, New York

16. FACE Learning Center, Inc.
    Largo, Florida

17. FOCUS
    Seattle, Washington

18. Fort Wayne Women's Bureau
    Fort Wayne, Indiana

19. GROW, Inc.
    Roanoke, Virginia

20. HACER
    New York, New York

21. Job Advisory Service
    Pittsburgh, Pennsylvania

22. Knoxville Women's Center
    Knoxville, Tennessee

23. Marion House
    Baltimore, Maryland

24. MATCH, Inc.
    Berea, Kentucky

25. Metro Center for Displaced Homemakers
    Minneapolis, Minnesota

26. Metropolitan Women's Center
    Columbus, Ohio

27. Nashville YWCA
    Nashville, Tennessee

28. Nassau Nontraditional Jobs for Women
    Mineola, New York

29. New Employment for Women (RNYFO)
    Newburgh, New York

Affiliates of Women's Work Force Network (continued)

30. New Jobs for Women, YWCA
Philadelphia, Pennsylvania

31. New Options Personnel
Detroit, Michigan

32. Nontraditional Employment for Women
New York, New York

33. Nontraditional Employment Outreach
Indianapolis, Indiana

34. Nontraditional Job Opportunity
Longview, Washington

35. Nontraditional Occupations
Bellingham, Washington

36. Oceana Resource Center
Shelly, Michigan

37. Options for Women
Philadelphia, Pennsylvania

38. The Phoenix Institute
Salt Lake City, Utah

39. PROBE
Harrisburg, Pennsylvania

40. Project Green Hope
New York, New York

41. Project Search
Creve Coeur, Missouri

42. PYRAMID
Canton, Ohio

43. RESOURCE: Women the Untapped Resource
Cleveland, Ohio

44. Skilled Jobs for Women
Madison, Wisconsin

45. Southeast Women's Employment Coalition
Versailles, Kentucky

46. STEP-UP
Mason, Michigan

47. Tuscon Women's Commission
Tuscon, Arizona

48. Wendi and WOW
Cocoa, Florida

49. Wider Opportunities for Women
Boston, Massachusetts

50. Wider Opportunities for Women
Evergreen, Colorado

51. Womanscope
Columbia, Maryland

52. Woman Space
Cleveland, Ohio

53. Women and Employment
Charleston, West Virginia

54. Women for Racial and Economic Equality
New York, New York

55. Women Working
Hackensack, New Jersey

56. Women's Agenda for Action
Indianapolis, Indiana

57. Women's Career Resource Center
Glendale, California

58. Women's Center of Columbus
Columbus, Indiana

59. Women's Employment Information Service
Hazard, Kentucky

60. Women's Employment Project
Sturgeon Bay, Wisconsin

61. Women's Employment Resource Center
New Haven, Connecticut

Affiliates of Women's Work Force Network (continued)

62. The Women's Technical Institute
Boston, Massachusetts

63. Women's Resource Center
Grand Rapids, Michigan

64. Women's Resources for Work
Eureka, California

65. Women's Trade Center
Albuquerque, New Mexico

66. Working Opportunities for
Women
St. Paul, Minnesota

67. Work Options for Women
Wichita, Kansas

68. American Friends Service
Center
Philadelphia, Penn.

69. Arizona Action for
Displaced Homemakers
Phoenix, Arizona

70. Arizona Women's Employment & Education Project
Tempe, Arizona

71. Bexar County Women's Center
San Antonio, Texas

72. Center for New Directions:
A Displaced Homemaker Program
Columbus, Ohio

73. Displaced Homemakers
Community Action Program
Jamestown, North Dakota

74. Displaced Homemakers-
Laurel Oaks
Wilmington, Ohio

75. Displaced Homemakers Program
Pickaway Ross Vocation Center
Chillicothe, Ohio

76. Displaced Homemakers Project
Bradenton, Florida

77. Gateway Technical Institute
Racine, Wisconsin

78. Greene Vocational School-
Displaced Homemakers Program
Xenia, Ohio

79. Hard Hatted Women
Cleveland, Ohio

80. Information Center for
Household Employers
Topeka Household Tech., Inc.
Topeka, Kansas

81. In Transition: Displaced Homemakers Project
Augusta, Maine

82. Job Breakthrough-
Women In Work Force
High Point, North Carolina

83. Knoxville Support Group For
Women Construction Workers
Maryville, Tennessee

84. Lutheran Settlement House
Women's Program
Philadelphia, Pennsylvania

85. Loveland Resource Center
Loveland, Colorado

87. Mainstay: Exploring Opportunities for Homemakers, Inc.
Marshall, Minnesota

88. Midwest Women's Center
Chicago, Illinois

89. Minnesota Displaced Homemakers
Program
St. Paul, Minnesota

90. Nashville YWCA
Nashville, Tennessee

Affiliates of Women's Work Force Network (continued)

91. National Congress Neighborhood Women
Brooklyn, New York

92. Network of Women in the Trades and Technical Careers-Boston
Jamaica Plains, Mass.

93. New Mexico Commission for Women's Employment Programs
Albuquerque, New Mexico

94. New Employment for Women, Inc.
Hamlin, West Virginia

95. New Employment for Women, Inc.
Logan, West Virginia

96. Open Doors Center
Bel Air, Maryland

97. Options for Women over Forty
San Francisco, California

98. Tradeswomen, Inc.
San Francisco, California

99. Tradeswomen of Philadelphia
c/o New Jobs for Women,YWCA
Philadelphia, Pennsylvania

100. TriRivers Vocational School
Marion, Ohio

101. VGS,Inc., Women Work for Women
Houston, Texas

102. Displaced Homemakers Program
Virginia Polytechnic Inst.
Blacksburg, Virginia

103. WEAVE/WOMEN, INC.
Roxbury, Massachusetts

104. Women and Employment, Inc.
Charleston, West Virginia

105. Women's Development Center
Pewaukee, Wisconsin

106. Women Employment Network
Seattle, Washington

107. Women in Transition
Villa Julie College
Stevenson, Maryland

108. Women In Transition
St. Louis Park, Minnesota

109. Women's Job Counseling Center
Cambridge, Massachusetts

110. Women on the Job
Port Washington, New York

111. Women's Service Center
Pittsfield, Maine

112. Women's Work World
Big Stone Gap, Virginia

DISPLACED HOMEMAKERS NETWORK, INC.
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March 17, 1982

STATEMENT FOR JOINT HEARINGS ON EMPLOYMENT AND TRAINING POLICY FOR THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY AND THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

Submitted by:
Shirley Sandage, President
Displaced Homemakers Network, Inc.

The Board of Directors of the national Displaced Homemakers Network, Inc. believes that economic self-sufficiency through employment is the single most important factor for solving the serious problems of displaced homemakers and their families.

We are in agreement with a number of points raised by others during these hearings. We submit the following statement to emphasize the special needs of displaced homemakers for participation in employment and training programs leading to unsubsidized jobs.

The Displaced Homemakers Network, Inc., organized in 1978, is a national non-profit organization of displaced homemakers, displaced homemaker service providers, and other supporters. Its purpose is to work for the financial independence through employment of homemakers who have lost their primary roles as wives and mothers and must compete in a highly competitive market for jobs that will enable them to continue to care for themselves and their families. The Network also provides resource material for and communication linkage among more than 350 displaced homemaker programs and thousands of other members.

During the past weeks an average of 120 letters per day from displaced homemakers all around the nation have come to our office asking for help and for referrals to local programs. As these are answered by our staff and volunteers we are reminded of the great need for jobs these women have. We appreciate the opportunity to enter this testimony into the record and hope that it will be considered in plans for the reauthorization or replacement of the Comprehensive Employment and Training Act.

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By conservative estimate there are more than four million displaced homemakers in the nation. Job training is vital to these women who find themselves forced into the labor market in order to survive. Displaced homemakers are women who have remained in the home for a number of years to care for their families. Suddenly their worlds crumble apart because of the death or disability of the spouse, or through divorce or separation. They have lost their means of support and must seek employment during a period of personal and family crisis.

Seventy-five percent of the displaced homemakers in the nation are over the age of 40. They are too young for social security, do not qualify for unemployment compensation, and are unable to collect from a former or deceased husband's pension plan. The displaced homemaker is ineligible for or facing pending disqualification from public assistance. In short, she falls through the cracks of society's supports.

As displaced homemakers struggle to shift from dependency to self-sufficiency, they must acquire or upgrade marketable skills in order to enter the labor force. The compounded effects of age and sex discrimination are severe, and even worse when race discrimination is added. Yet successful programs for displaced homemakers have demonstrated that they become mature, reliable and productive workers once employers accept them. Unfortunately, however, displaced homemakers who find work often enter low-pay, low-benefit jobs at the bottom of the occupational ladder.

Poverty and hardship seem cruel prizes to earn after years of devotion to home and family.

We estimate that over 40,000 displaced homemakers received intensive help through CETA programs in 1980, with approximately 75% of all programs and services for displaced homemakers receiving some CETA funding. And, this figure does not include the thousands more that were helped through referrals or volunteer efforts associated with displaced homemaker centers to aid those who did not qualify under CETA eligibility criteria. Targeting of displaced homemakers under CETA after 1978 was a significant factor in assuring that they would receive a small piece of the nation's employment and training pie, for we estimate that in 1977 under 7,000 displaced homemakers received intensive CETA services.

While we understand and acknowledge the reasons for revising or replacing CETA, we are very concerned that new policies and programs target displaced homemakers so that they are not pitted to fight for service against other deserving and needy groups such as youth, older workers, Indian tribes, migrant workers, ex-offenders, the handicapped, welfare mothers, or dislocated workers.

We are also concerned with appropriation and funding, program eligibility criteria, representation of displaced homemakers' concerns in the planning process, and program accountability and monitoring.

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We are concerned that budget amounts under consideration for employment and training programs in 1983 are inadequate to meet the needs of America's untrained and unemployed. We understand the need for restraint in spending; however, we believe the cost to society is higher in the long run when persons are maintained on unemployment compensation or welfare or are forced into institutions rather than being prepared to contribute to productivity in our nation.

Especially with a reduced budget it is important that displaced homemakers are targeted for service at all levels, for if service to them is confined to national programs or discretionary funds, competition with other needy groups will make service availability for displaced homemakers negligible.

Since many displaced homemakers have no source of income at all and often do not qualify for any income maintenance programs, it is important that stipends and support services be available on an as needed basis. Without this support many would be unable to participate in a training program for they could not travel to the training site, provide for child care while training, maintain food and housing for themselves, or present themselves to a prospective employer as a healthy and properly clothed worker.

We believe that some margin of flexibility in employment and training program eligibility be allowed, for in the past many programs for displaced homemakers under CETA have complained of the difficulties created by lack of flexibility in eligibility criteria. A displaced homemaker can be poverty-stricken but sometimes not qualify under these criteria. For example, although her family income may have gone over CETA's limits during the first quarter of the year, a displaced homemaker may have received no income since her abandonment in March when she seeks employment and training services in June.

We understand the importance of substantial involvement of the private sector in the planning process at state and local levels, but we are concerned that if the state planning body and the local private industry councils do not include representatives of women's community based organizations, equity of service will be poor and displaced homemakers needs will not be understood. There is substantial data on CETA programs to indicate that women have not received services leading to the higher paying jobs, but there have been a number of highly successful programs under CETA operated by women's community based organizations that do place women into better jobs and avoid or get them off welfare. If specific provisions for participation of women's community based organization representatives on the planning bodies are not made, we doubt that private sector representatives or others will understand how displaced homemakers and other women needing good jobs can best be prepared to enter the jobs to be opened and created.

We believe that an accountability and monitoring procedure should be adopted for employment and training programs that assures that the planning body for programs does not also evaluate their effectiveness. It is critical that standards for performance measure program effectiveness not only for service outcomes in general, but for service outcomes of targeted groups including displaced homemakers.

It is important that technical assistance be available to program administrators who have difficulties working with some target groups and to employers who need help to include new kinds of workers in their work settings.

We are concerned that displaced homemakers in all states receive opportunities to support themselves and their families with the transitional help employment and training programs can offer. While some states are prepared to develop appropriate standards and adequate review procedures, many are not. A method is needed for assuring that displaced homemakers will receive services even in those states that do not yet have a process for assuring this service.

We offer the assistance of the Displaced Homemakers Network, Inc. toward development of a program that will take into account the special career pattern of displaced homemakers: marriage instead of educational advancement, children instead of careers, part-time or sporadic employment with no security or retirement pension, or no employment outside the home. Helping displaced homemakers face their barriers to labor market entry now will surely contribute to the nation's productivity and guard against ever larger numbers of elderly poor women in the future.

We are encouraged by the bi-partisan commitment to employment and training for the nation's unskilled and unemployed. We urge you to develop an employment and training policy and program that includes preparation of displaced homemakers for the jobs they need.

Older Women's League

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Written statement submitted to the Senate Subcommittee
on Employment Productivity and the House Subcommittee on
Employment Opportunities at Joint Hearings March 17, 1982

The Older Women's League is the first national grassroots organization to focus exclusively on the concerns of midlife and older women. Growing out of the experience of its founders in launching the displaced homemakers movement in the 1970's, the Older Women's League has nearly 60 chartered chapters and members throughout the United States. We are extremely concerned about the economic status of older women, and welcome this opportunity to contribute views on the employment and training system and their needs.

Women over 40 are the fastest growing segment of the U.S. labor force today. More than half of all women 40 to 64 are either in the work force or looking for employment. Like most other women who work for pay, they need the income from employment to survive, since the vast majority support themselves. Many are recently widowed or divorced, without a husband's paycheck or pension to support them, and ineligible for Social Security or SSI.

Eighty percent of all women work in sex-segregated, low-paying, low-benefit, low-status jobs, such as clerical worker, service worker, or salesperson. The percentage of older women is higher still, and this is especially true of older minority women. The older woman returning to the job market from the role of homemaker has the additional obstacle of little or no recognition by employers of the skills gained from homemaking and volunteering; most employers recognize only "recent paid work experience." Even with such experience, however, older women are unwanted in the labor market. As a consequence, older women remain unemployed longer than younger job-seekers.

Older Women and Current Employment Programs

Most federally sponsored or funded employment and training programs, whatever their mandates, have served the employment needs of older women very poorly.

State employment offices are supposed to provide special services to persons over 45, but most don't. Many job counselors consider older women "unemployable," and even "Older Worker Specialists" are seldom given special training for the position, nor are their services publicized.

Programs funded under the Older Americans Act, although required to give preference in hiring to older persons, are nevertheless generally staffed by persons under 40.

Senior Community Service Employment Program under Title V of the Older Americans Act was intended to provide part-time jobs in public service to low-income persons 55 and older. Two-thirds of these SCSEP positions have been filled by older women, but the 54,700 slots available nationally are inadequate, given the number of older job seekers, and the program has been targeted for de-funding in the FY 1983 budget.

Under CETA, older workers 55 and over were designated as a significant segment in need of special assistance, but programs under this mandate have not been a line item in the budget, and have been targeted for significant budget cuts.

Services to displaced homemakers as provided in the 1978 CETA amendments have been successful in assisting many dependent homemakers to find needed employment, but have often focused attention almost exclusively on younger women, rather than on the frequently more needy older widows and divorcees. Further, eligibility requirements have often excluded very needy women from participating in the programs because of prior family incomes no longer available to them.

Proposed Employment and Training Legislation

Rather than a detailed analysis of the bills before your committees, we will share with you four areas of concern to older women, whatever shape the new employment and training system may take.

(1) Targeting. The Older Women's League believes that the appropriate focus of federally-funded employment and training efforts is to those most in need

of assistance in entering the paid labor force, to those who face major barriers to employment because of lack of education or training, inexperience, years out of the labor force, handicaps, age, sex, and race. While disadvantaged youth and AFDC-recipients meet these criteria, this country's employment and training programs must not leave out other disadvantaged groups. Equitable services to all significant segments of the population are critical. Small-scale demonstration or pilot programs for older workers and displaced homemakers are not sufficient, particularly when funding for such programs is to be cut substantially. Although the bulk of available resources may be targeted at needy youth, we urge the consideration of a 10% to 20% flexibility factor in programs administered locally or by the states, and adequately funded national programs that specifically focus on both older workers and on displaced homemakers. The latter should be permanent programs, not short-term pilot demonstrations; the need for services has been adequately demonstrated in the past decade.

(2) Administration. Proposals for state planning, implementing, monitoring, and auditing of employment and training programs must include overall federal roles of setting and enforcing standards, mandating services, monitoring, data gathering, and oversight. Women, minorities, and older persons have been demonstrably underserved by employment and training programs in the past; allowing those who plan and deliver services to monitor them, while providing for no overall accountability will result in continued inequities and underservice to those most in need. And persons facing double or triple barriers, such as older women and older minority women, will fall between the cracks once again. Applicant and participant data should be cross-tabulated by age, sex, and race, as well as by program outcomes.

(3) Service Delivery. In several of the bills being considered, strong emphasis is placed on the role of business and industry in the future employment and training system, including service delivery. The Older Women's League underscores the importance of not precluding, and indeed encouraging, continued service delivery by those community-based organizations whose demonstrated effectiveness contrasts sharply with the disinterest in hard-to-employ persons shown by many in the private sector in the past. Many women's employment programs, for instance, have had marked success in reaching, training, and placing "unemployable" women

because they understood the need for key supportive services and provided them. These groups must be brought into full partnership with the private sector, and have adequate representation among policy makers, advisory groups, and service delivers. In addition, the delivery of employment and training services must include some form of stipending, to meet training costs such as transportation, and to allow participation by persons who have no source of income and who would otherwise be forced to seek immediate minimum-wage jobs rather than training for jobs that will lead to self-sufficiency.

(4) Performance Standards. We are concerned about proposals to allocate a substantial portion of available funds on an "incentive basis." While proposed performance standards, such as placement rates in unsubsidized jobs and increased incomes, are valid goals of any effective employment and training program, intense pressure to perform will result in even greater "creaming" than has been the case in the past. Whether intended or not, "bonuses" and other forms of program incentives will result in programs skimming off those seen as most employable, while screening out older women, minorities, displaced homemakers, and handicapped persons. Certainly no for-profit vendor could withstand this pressure. Whatever performance standards are ultimately adopted, these factors must be taken into account, along with the pay inequities faced by all women, whose smaller increases in average incomes than those of men could result in widespread sex discrimination in the programs.

We urge the members of these committees to take into account the compounding effects of ageism, sexism, and racism that make labor market entry so difficult for older women. As you shape the future employment and training system for this country, you are quite literally determining the economic futures of thousands of older women.

WEAL
Women's Equity Action League

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Women's Equity Action League (WEAL) is a national membership organization that works to secure the legal and economic rights of women through legislative monitoring and advocacy, research, public education, and litigation.

WEAL works closely with other women's and civil rights groups to ensure that the concerns of women are addressed in federal programs and policy affecting education and employment.

We are in complete agreement with the testimony of Wider Opportunities for Women. We would like to add, however, that we are especially concerned that funds under the administration's proposal may be used for training programs designed to prepare participants for military service. We believe it would be a mistake to use these scarce government funds -- already stretched to their limit -- for this purpose. We feel this way for three reasons.

First, any program that trains people to enter the military is discriminatory toward women. Though the number of women in uniform has increased dramatically in the past ten years, women make up less than

9 percent of the military today. The previous administration had planned that this number should increase to about 12 percent of the armed forces by 1986, but the current administration has allowed the services to lower their recruitment goals for women. Last year the number of new female recruits in all branches of the military dropped by about 15 percent from FY 1980, while the number of new male recruits dropped by about 8 percent. The total number of women in the military increased somewhat because of increased retention, but significant increases are not expected in the next five years. According to a January 11, 1982 memorandum from the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, Lawrence Korb, the Navy expects to increase its percentage of women recruits from 10.3 percent in FY 81 to 13.0 percent in FY 87, and the Marine Corps anticipates an increase from 5.7 percent in FY 81 to 7.7 percent in FY 87. However, the Army and the Air Force, which together make up 65 percent of the military, intend to drastically curtail the recruitment of women. The Army plans that only 9.4 percent of its new recruits will be women in FY 87, although 15.2 percent were women in FY 81. The Air Force expects to go from 14.9 percent women recruits in FY 81 to only 11.5 percent in FY 87. The military appears likely to remain about 90 percent male for the next decade, and it is therefore likely that at least 90 percent of any funds earmarked to prepare people to enter the military would go to men.

Second, as you know young people with dependents make up a significant number of those who need a government employment and training program. Without assistance, few of these persons, 90 percent of whom are women, are likely to escape the poverty-welfare cycle. Yet single parents are virtually prohibited from enlistment in the military.

Third, it is uncertain that the armed services would want or be able to utilize graduates of the government employment and training programs. Last year all the services met or slightly exceeded their enlistment goals. They also recruited "higher quality" people than in previous years. The number of high school graduates recruited increased over the previous year from 54 to 80 percent in the Army, from 75 to 76 percent in the Navy, from 78 to 80 percent in the Marine Corps, and from 83 to 88 percent in the Air Force. This is important to the military because studies show that high school graduates are about twice as likely as nonhigh school graduates to complete their enlistments. Furthermore, the military did not find it necessary to take as many Category IV recruits as it has formerly. (Category IV is the lowest level accepted into the military, based upon the military entrance exam given to all prospective recruits.) In the Army the percentage of Category IV recruits dropped from 50 percent in FY 80 to 31 percent in FY 81. The figures for the other services were from 28 to 14 percent for the Marine Corps, from 18 to 12 percent for the Navy, and from 9 to 7 percent for the Air Force. If a person is already a high school graduate and falls into mental categories I-III, he or she is already eligible for the armed services, and does not require further training to enter. If this is not the case, and if the person receives government training under the administration's proposal, is such a person to be given preference over others who have met the criteria? Or will only higher mental category people who are not high school graduates receive the training? If so, this is simply another example of "creaming" a practice which discriminates against a large group of people especially in need of government employment programs.

Clearly there are many better ways to utilize government employment and training program funds than to prepare participants for military service. One critical way would be to prepare older women and displaced homemakers to be economically independent through training for employment.

Representative HAWKINS. Mr. Poulard.

Mr. POULARD. Thank you, Mr. Chairman.

The Jobs Roundtable is a coalition of civil rights, labor, public interest, and community based groups that represent the concerns of poor and low-income people, minorities, women, youth, and the unemployed.

We share a commitment to securing effective and efficient Federal policies and programs to meet the needs of the long-term unemployed and those facing severe economic hardships that adversely affect their employability. Among the member organizations of the Jobs Roundtable endorsing this statement are the Center for Community Change, the children's defense fund, the Center for National Policy Review, the League of Women Voters of the United States, the National Association of Social Workers, and wider opportunities for women.

We are pleased to appear before you today in support of the efforts to reauthorize Federal employment and training programs at a level consistent with the current national high levels of joblessness and structural unemployment.

The legislative priorities that we will address in this statement are continued strong Federal standards and oversight; targeting to those most in need of employment and training services through eligibility requirements, identification of groups in need of special and additional efforts, and linkages with other Federal and State programs in order to facilitate individual participation; participant and citizen involvement in planning program operation and oversight; continued payment of allowances and training stipends; and promotion of linkages between the training program and public assistance job search and work requirements.

I will comment just briefly on each of these five key legislative priorities.

First, the matter of the strong Federal role and commitment. The foremost legislative priority backed by the Jobs Roundtable is the necessity, the utter necessity for a major Federal role in setting program standards and in the ongoing monitoring and direction of program performance.

Through amendments adopted in 1976 and 1978 Congress responded to prior violations of CETA policies by tightening Federal requirements and by establishing a more effective system of Federal oversight and private complaint processing. These changes greatly improved CETA's ability to serve the most serious unemployed in an efficient and unbiased manner. The administration's employment and training proposals, however, categorically eliminate these safeguards. They obliterate the benefits of the several years experience with CETA operation and return us to the position in which we were prior to the 1976 and 1978 congressional amendments. Vital national policy objectives and intent once again are likely to be violated if the lion's share of prerogatives and funding are block granted to the same State officials who earlier created the need to have the 1976 and 1978 amendments passed in the first place.

We feel that this committee would be doing the target population a grave disservice if the bill passed did not have tight, explicit, Federal roles enunciated to provide safeguards with regards to monitoring and program evaluation. Abdication of Federal responsibility to assist the jobless by inadequate funding as well as the failure to have the tight oversight role, would perhaps negate even the best intentions entertained by this body.

Second, targeting. It is critical that a new employment and training program target the economically disadvantaged as recipients, priority recipients, of employment and training opportunities. Without such targeting, the program will be subject again to the same type of abuse that plagued CETA during its earliest days.

A large percentage of the economically disadvantaged are women, minorities, and youth. They are in particular need of training opportunities. Women have become increasingly more responsible for their own financial support and for the full or partial support of their families. One out of every seven families is headed by a woman and one female headed family in three is poor.

General language that simply makes a policy statement about who is to be served in a program is insufficient. To insure that those individuals most in need receive the services, there must be explicit statutory language which mandate this equitable service. The language included in the CETA statute helped to target services to women, minorities, youth, and other major segments of the population traditionally unserved or underserved.

Again, without this explicit sort of language, we will be in for the same sort of prior neglect and in some cases abuse.

Third, I want to address the matter of the planning process. The publicly financed employment and training programs created under the reauthorization must clearly enunciate procedures through which program participants, taxpayers and community organizations may become involved in the planning and the oversight of the local program. Complete deregulation in this area, we fear would encourage those types of abuses which mark the CETA experience.

There are a number of ways to make local program planners and operators more accountable to the individuals participating in the training programs, to taxpayers funding the programs, and to the Congress which creates the program. One way to insure accountability is to define clear avenues of input in the planning process. Slots on the PIC must be reserved for organized labor, CBO's, and for former participants of training programs; groups that represent the eligible population; an economic developmental organization.

The second way, or a second way to increase accountability is in the use of reasonable performance standards as indices of program successes. I do not mean to suggest by this that the performance standards should be as excessive as those enunciated by the Department of Labor staff.

A third approach to accountability is a grievance and complaint procedure that allows any participant, community-based organization or other interested person, access to both an administrative as well as a judicial process to bring to light violations of program rules and regulations.

Next, allowances. I do not have the time, I see, to read my statement. I will simply indicate that members of the Roundtable feel adequately assured that if no stipends are provided to the individuals who enroll in training, we are likely to see a near categorical absence of the real poor in these programs because they are unable to devote adequate time to at least pursue meeting their subsistence needs. And perhaps as someone said this morning, training would be pursued not at a privilege, but as a luxury which they could not afford to take advantage of.

So we would stress, indeed urge you, to recognize that folk who have basic subsistance needs in order to devote maximum time to training do need some sort of stipend. And this can be carefully done on an as-need basis.

Thank you.

[The prepared statment of Mr. Poulard follows:]

TESTIMONY PREPARED FOR JOINT HEARINGS ON EMPLOYMENT AND TRAINING REAUTHORIZATION

BEFORE THE

SENATE SUBCOMMITTEE ON EMPLOYMENT & PRODUCTIVITY

AND THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

PRESENTED BY

THE JOBS ROUNDTABLE

A COALITION OF CIVIL RIGHTS, LABOR, PUBLIC INTEREST
AND COMMUNITY BASED ORGANIZATIONS

MARCH 17, 1982

JOBS ROUNDTABLE

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(202) 544-2185

Contact: Larry Glantz

The Jobs Roundtable is a coalition of civil rights, labor, public interest, and community based groups that represent the concerns of poor and low-income people, minorities, women, youth and the unemployed. We share a commitment to securing effective and efficient federal policies and programs to meet the needs of the long term unemployed, and those facing severe economic hardships that adversely affect employability.

The Jobs Roundtable includes a number of organizations with extensive experience and expertise with federal employment and training programs created to assist the poor and structurally unemployed. We have come together to more clearly enunciate the need for a continued strong federal role in all efforts to mitigate the present crisis of unemployment. We have for several years jointly commented on both amendments to employment and training statutes as well as on regulations. Most recently we submitted written testimony when the Senate Employment and Productivity Subcommittee held oversight hearings on the CETA program last June.

Among the member organizations of the Jobs Roundtable endorsing this statement are the following:

Center for Community Change
1000 Wisconsin Avenue, N.W.
Washington, D.C. 20007

Center for National Policy Review
Catholic University Law School
Washington, D.C. 20064

Center for Third World Organizing
1459 Columbia Road, N.W.
Washington, D.C. 20009

Children's Defense Fund (CDF)
1520 New Hampshire Avenue, N.W.
Washington, D.C. 20036

Organizations endorsing this statement (continued)

League of Women Voters of the United States
1730 M Street, N.W.
Washington, D.C. 20009

National Association of Social Workers (NASW)
1425 H Street, N.W.
Washington, D.C. 20005

National Congress of Neighborhood Women
2706 Ontario Road, N.W.
Washington, D.C. 20009

National Employment Law Project
236 Massachusetts Avenue, N.E.
Washington, D.C. 20002

National Urban Coalition
1201 Connecticut Avenue, N.W.
Washington, D.C. 20036

Older Women's League
2020 F Street, N.W.
Washington, D.C. 20006

United Electrical Workers (UE)
1411 K Street, N.W.
Washington, D.C. 20005

United Methodist Church
Board of Church and Society
100 Maryland Avenue, N.E.
Washington, D.C. 20002

Wider Opportunities for Women (WOW)
1511 K Street, N.W.
Washington, D.C. 20005

We are pleased to appear before you today in support of efforts to reauthorize federal employment and training programs at a level consistent with the high levels of joblessness and structural unemployment that our nation faces. Chairmen Hawkins and Quayle must be congratulated for their superb leadership and hard work in initiating this prompt reauthorization effort, as should Senators Kennedy, Pell, and Hawkins, Representative Jeffords, and other Subcommittee members who have placed such a high priority on this legislation in 1982.

We have a number of legislative priorities that we will address in this testimony, first in outline form and then in more detail in the body of our testimony. The principles covered in this testimony are:

1. Continued strong federal standards and oversight;
2. Targeting to those most in need of employment and training services. Our definition of "targeting" includes eligibility requirements, identification of groups in need of special additional efforts, and linkages with other related federal and state programs in order to facilitate individual participation and program success;
3. Participant and citizen involvement in planning, program operation, and oversight;
4. Continued payment of allowances and training stipends; and
5. Promotion of linkages between the employment and training program and public assistance job search and work requirements.

There is one additional principle that we would like to briefly recognize, but on which we will not comment in detail. This is the critical need for an increased federal role in addressing the ever growing problem of displaced workers. The senators cosponsoring S. 2036 and Mr. Hawkins must be praised for setting aside a seperate title to provide services for the displaced worker. The Jobs Roundtable urges both Subcommittees to place a priority on retraining and job search assistance for those unemployed individuals who have little or no chance of securing similar employment.

The primary focus and the expertise of the Jobs Roundtable throughout its history has been in the area of targeted employment and training programs, and thus this is what our testimony will focus upon today.

After outlining the scope of the problem that we believe needs to be addressed, we will comment in detail on each of the five principles listed above.

The High Cost of Unemployment

The time is long overdue for the Congress and the Administration to take a serious look at the causes and the effects of the unemployment crisis in America today. The statistics which "officially" define the scope of the problem are startling: 8.5% adjusted enemployment rate in January; over 9 million counted individuals and at least another 1.5 million uncounted unemployed individuals, bringing the total number of jobless to a level greater than any time since before World War II. The official rates of unemployment for the group in the training proposals before you are even higher: teenagers, 22%; blacks, 17% black teenagers, 41%; female black teenagers, 47%.

These figures are staggering. Yet, the fact that these official figures represent significant undercounting has been well documented. Actual unemployment rates for blacks and other minorities is undoubtedly well over 25%; for minority teenagers it is over 50% and perhaps even over 60%.

The high social and financial costs of this unemployment borne by the government and by the taxpayer are not always readily apparent. We recently observed some of the direct costs of joblessness as the Congress just a few weeks ago hurriedly passed a $2.343 billion supplemental appropriation for unemployment benefits and the employment service. Then there is the extra cost of increased dependence upon food stamps and other types of public assistance. Thus, as we and other groups have predicted, federal cutbacks in employment and training services may not actually save money.

Dollar figures cannot easily be assigned to the social costs of unemployment. The long term costs to minority youth who do not have a job or other access to economic independence are overwhelming. The cost of a lifetime of welfare dependence, possible increased crime levels, and the loss of human capital to the industrial base is immeasurable. A parent who is structurally unemployed and therefore unable to independently provide for his/her children, only perpetuates the poverty cycle of the family. The worker on layoff from a contracting industry finds that the available jobs require skills which he/she lacks. Your proposals seek to target services to these individuals, but it is critical that you target a level of resources that will be able to address the crisis we now face.

A STRONG FEDERAL ROLE AND COMMITTMENT

The foremost legislative priority backed by the Jobs Roundtable is the necessity for a major federal role in setting of program standards, and in the ongoing monitoring and direction of program performance.

When CETA was first enacted in 1972, it incorporated many of the block grant features that are now being reemphasized in the Reagan Administration's "New Federalism" proposals. Substantially more discretion and control was shifted from the federal government to states and localities at that time. The result was an increase in nepotism, malfeasance, efficiency and discrimination. The shortcomings, caused by the "new federalism" approach played a large part in giving the CETA program a negative image. Studies by the General Accounting Office, the Brookings Institution, the Civil Rights Division of the Justice Department, and our own member group, the Center for National Policy Review, have amply documented the problems caused by an unfettered block grant approach--the failure to serve the target groups most in need of assistance; the displacement of civil service personnel by CETA participants; and the maintenance of discriminatory patterns of pay and job assignments for women and minorities.

Through amendments adopted in 1976 and 1978, Congress responded to these gross violations of national policies by tightening federal requirements, and by establishing a more effective system of federal oversight and private complaint processing. These changes greatly improved CETA's ability to serve the most seriously unemployed in an efficient and unbiased manner.

The Reagan Administration's employment and training proposals would do away with these safeguards, obliterate the benefit of the several years' experience with CETA block grant operation we have already had, and return us to the position we were in prior to the 1976 and 1978 Congressional amendments. Vital national policy objectives once again will be endangered, with the same state officials responsible for operating programs placed in charge of monitoring performance and securing compliance.

We cannot accept an employment and training structure that does not include the means, through federal standard-setting and oversight, to assure compliance with basic objectives such as effective targeting, nondiscrimination, and the right of participants to challenge inequities and inefficiencies through impartial means.

One vital element of an adequate federal role is the assurance that all those who have legitimate employment and training needs will be reached and served. The current funding level of $4.2 billion has proved inadequate to meet the needs of the rising number of persons suffering from long-term unemployment as a result of skill shortages, basic education needs, and massive reductions in job opportunities resulting from the current economic recession. Despite this inadequacy, the Reagan Administration's budget proposals would reduce employment and training funding still further, to only $2.4 billion, virtually eliminating assistance to all but disadvantaged adults (ages 18-25) and AFDC receipients. At this funding level, the federal government will be abdicating its responsibility and announced committment to assist massive numbers of longer-term unemployed reach self-sufficiency through improved job training, job creation, and placement assistance.

The Administration is relying on an economic policy that would increase employment through general economic expansion. However, experience has shown that few of the structurally unemployed are reached in this manner. Many do not presently have the skills to fill the types of new jobs that might be created. Few of the new jobs are located in areas accessable to the inner-city poor. Nor does this approach treat the major needs of the unemployed during the long turn-around process that seems to be taking place before the promised economic recovery arrives.

Abdication of federal responsibility to assist the jobless by inadequate funding of employment programs, and by sharp reduction of federal standard-setting and oversight responsibilities is incompatible with the high level of unemployment that exists today. It is also a shortsighted approach to cost cutting, since our society gains a great deal more by helping the jobless obtain a means to a livelihood, than the extremely high social costs involved in keeping the jobless on welfare, or in dealing with the law enforcement, health, and housing problems caused by leaving them destitute.

TARGETING

It is critical that a new employment and training program target the economically disadvantaged as recipients of employment and training opportunities. Without such targeting, the program will be subject to the same type of abuse that plagued the earliest days of CETA.

A large percentage of the economically disadvantaged are women, minorities, and youth. They are in particular need of training opportunities. Women have become increasingly more responsible for their own financial support, and for the full or partial support of their families. One out of every seven families is headed by a woman and one female-headed family in three is poor. Women's earnings are so low that even full-time work is no security against poverty.

The 1978 CETA amendments were an important step in the direction of targeting employment and training dollars to the most in need. The major systematic changes put into effect by these amendments clarified the goals of CETA with respect to whom should be served, defined a process for ensuring access to services for the "most in need," and established a planning process that required public oversight of this process. The proper implementation of these amendments had begun to have a favorable impact on the economically disadvantaged population before the cutbacks in FY 82, and the Jobs Roundtable urges maintenance of these goals in whatever new employment and training policy is formulated by Congress.

Why Target?

In addition to the sound economic sense of reducing dependence on government largesse by the economically disadvantaged, there are three major reasons that targeting must be a critical principle of an effective national employment and training program.

1. Limited Resources. With the cutbacks in federal dollars for employment and training programs, it is clear that the new program cannot be all things to all people. Other systems currently in place--the Employment Service, the vocational education system, and apprenticeship programs, for example--serve the general population. These systems can and should be utilized in conjunction with an employment and training program to maximize the provision of services to those most in need.
2. Traditional Under-Service. If the program is not targeted to the economically disadvantaged, then this population will simply go unserved. The pressure to "cream", e.g., to serve those who can most readily be trained and placed, is inherently felt in any training program. We are particularly concerned because women, minorities, and youth make up a large proportion of the economically disadvantaged, and face multiple barriers in their efforts to obtain self-sustaining work. Unless the stated and enforced goal of the program is to target those barriers and overcome them, they will simply not be addressed. See, e.g., a 1981 publication by the Chicana Rights Project of the Mexican-American Legal Defense and Education Fund, CETA: Service to Hispanics and Women.
3. Current Unemployment. Given the extraordinarily high unemployment rate, targeting becomes even more critical. Last hired/first fired policies have resulted in throwing large numbers of the newly employed who happen to be economically disadvantaged out of work. And, as a report issued by the Federal Government Service Task Force indicated, reductions-

in-force by the federal government have had a disproportionate inpact on women and minorities. Thus, in order to compete in the ever narrowing job market, the economically disadvantaged desperately need employment and training skills.

General language that simply makes a policy statement about who is to be served by the program is insufficient, in of itself, to ensure that those individuals most in need receive services. There must be express statutory language that mandates "equitable service" to all significant segments of the eligible population. This language, included in the CETA statute helped to target services to women, minorities and youth--segments of the population traditionally unserved. Without this language, these groups are likely to go unserved once again.

We are particularly concerned about the need for supportive services in order to ensure that equitable services are provided. Without day care services, women will simply be unable to participate. The need for day care is critical, and absolutely must be addressed. This need has become even more acute with the cutbacks in day-care funding under Title XX of the Social Security Act. As a report issued by the U. S. Commission on Civil Rights, "Child Care and Equal Opportunity for Women" reported, "the Federal goal of equal opportunity for women will be considerably hampered unless more consideration is given to child care." This report also noted that "lack of child care or inadequate child care restricts women's participation in Federal Employment and training programs."

In addition to day care, transportation subsidies are also desperately needed, particularly if women and youth are to participate. These segments of our population are less likely to have their own means of transportation available, and it is naive to assume that impoverished persons can absorb the cost of traveling to and from a training program on a daily basis without reimbursement.

This whole concept regarding how underservice may occur to groups even when such groups are eligible for services is made in more detail later in our testimony when we address the payment of allowances and stipends to cover necessary sustenance costs and the costs of participating in employment and training programs.

Two final points on service to youth. We would recommend that the employment and training program serve youth as young as 14 or 15. Even these young teenagers, many of whom have already dropped out of school, can benefit from employment training that the schools have failed to provide. We also feel that equitable service must be provided to out-of-school youth as well as in-school. Reaching dropouts is, of course, much more difficult than working with those who have remained in school, and thus are presumably more motivated. However, dropouts need to participate in employment training as much, if not more, than in-school youth.

ACCESS TO PLANNING AND OVERSIGHT

As publicly financed programs the employment and training projects created under the re-authorization must clearly state the procedures through which participants in the program, taxpayers and community organizations may become involved in the planning and oversight of the local training program. Complete deregulation in this area, which has been proposed under the guise of increased local flexibility and autonomy would, we fear, produce an environment which would encourage those types of abuses which marred the earlier CETA experience.

There is a critical need for an approach which will make local program planners and operators more accountable to the individuals participating in the training programs, to the taxpayers funding the program, and to the Congress which has created and set goals for the program. There are a number of ways to do this. One way to accomplish this goal is to define clear avenues of access in the planning process for participants and other interested local individuals and groups. A second method is to use performance goals, which have been incorporated into each of the major training proposals before these subcommittees. A third approach is a grievance and complaint procedure that allows any participant, community based organization, or any other interested person access to both an administrative as well as a judicial process to bring to light violations of program rules and regulations. Program goals set by the Congress, or those set by planning bodies in local areas, will have little chance of being enforced if individuals are denied access to an Administrative Law Judge or to the courts to rectify programmatic failures and/or abuses.

Specific recommendations for each of these three approaches are listed below:

A. Access to planning

1. We heartily endorse the continuation of an annual plan review, and required citizen review and input on these plans, as set forth in the Hawkins bill.
2. To ensure comprehensive representation and planning, slots on the Private Industry Council (PIC) must be reserved for organized labor, community based organizations, educational agencies, present and former program participants, groups that represent the interests of eligible participants, and economic development organizations.
3. We believe that the members of the PIC should be selected initially, and replaced at the conclusion of their term, by the local elected official, so as to increase accountability and responsibility for the makeup of this important planning body.

B. Performance Standards

1. We support the use of reasonable performance goals as indices of local program success. There needs to be a recognition that non-specific and strict performance standards may encourage "creaming" of targeted training services to those individuals who have a better chance of succeeding in the labor market on their own. Therefore we urge you to require the Secretary, when establishing minimum national performance standards, to reflect in considerable detail how the standards would accomodate the complex obstacles to employment faced by those hard-core unemployed

individuals who are the targets of the training services. Options for the Secretary may include waivers of the standards for certain individuals or groups of individuals who face particularly tough obstacles to employment, the design of methods of giving credit to programs which are able to make an individual more employable yet still falling short of placement in an actual unsubsidized job, and/or credit for enrollment of an individual in a skill-improving training or educational program which will better prepare that individual for later career success. All of these options would ease the pressure on program operators to place their most able participants in the first available jobs, in order to maximize their chances for further program funding.

3. We support the provision in the Hawkins bill which allows the Secretary to exempt from the performance standards certain localities which face extremely high levels of unemployment.

C. Complaint Procedure and Judicial Review

1. A procedure should be created that allows for the monitoring and enforcement of critical employment and training requirements through an administrative complaint procedure and judicial review where necessary. Past CETA procedures placed total emphasis on the administrative route, which made that procedure unwieldy and ineffective, as well as expensive in terms of DOL resources. A streamlined administrative remedy and access to judicial review, if necessary, would ensure a workable process whereby participants could obtain benefits they were intended to receive, as well as access to the public to prevent fraud and program abuse.

   An administrative complaint procedure instead of access to federal court would necessarily be inadequate. Prime sponsors, as parties directly involved in a complaint, cannot provide impartial adjudication of complaints. Program officers at DOL are too concerned with maintaining prime sponsor cooperation in meeting minimum bureaucratic goals to give serious attention to controversial or inconvenient, though meritorious complaints.

2. There should be simple, prompt administrative remedy. If resort to administrative remedies before judicial review is considered desirable there should at most be two levels of administrative proceedings--at the prime sponsor level and at the Department of Labor Regional office level. When the complaint is directed at a stated policy adopted by the prime sponsor, resort to the prime sponsor should be eliminated because of its futility and a direct complaint to DOL should be permitted.
3. It is essential that the prime sponsor complaint proceeding be fair. There must be a hearing officer who is independent of the prime sponsor; the parties should be authorized to choose a mutually acceptable hearing officer. Also, the decision rendered by the hearing officer should not be subject to arbitrary reversal if it displeases prime sponsor authorities; prime sponsors should be able to challenge the decision only through administrative and/or judicial appeal.

ALLOWANCES

The payment of stipends or allowances to participants during time spent in training has become a very controversial issue in this policy debate. The Jobs Roundtable believes that a fair system of stipends and allowances is a critical component of any program that sincerely seeks to involve and improve the employability chances of hard-core unemployed youth and adults. We are troubled by the groundswell against such payments, which seems to be largely fueled by the efforts of the service delivery bureaucracy to reserve a large portion of limited budgetary resources for itself.

It is naive to suggest that because the training itself is free, it is an adequate benefit, or since the poor have demonstrated unique resourcefulness prior to participation in a program that stipends or other allowances are truly unnecessary. There are very real costs of participating in a training program. If these extra costs are not addressed directly in this legislation it will constitute a severe obstacle to the participation of those individuals most in need of services.

A prohibition on allowances would, in our minds, be a grave policy blunder which would prevent or deter thousands of poverty-level youth and adult heads of households from entering a skills improvement program. Such a policy would promote a very distinct type of "creaming", with training slots going to those would could afford it and who are not confronted with the responsibility to provide sustenance for themselves and their families.

The Jobs Roundtable believes that payments to cover the additional costs of participation, and the costs of deferring short-term low skill employment are a necessity if the program is to accomplish its goals. The opportunity to be trained and to enhance career objectives should be viewed not as income maintenance, but rather as an essential policy tool to remedy a peculiar aspect of the unemployment dilemma we face in America today. We can no longer rely on other social service systems to provide necessary supportive services for the disadvantaged--Title XX, the educational system, and even the Employment Service have all been ravaged by the latest budget reductions.

The approach that Representative Jeffords has taken in his training proposal is a most realistic one. His proposal classifies the general category of allowances into three distinct and necessary types. First, a *sustenance stipend* would cover the basic needs of a participant's family. A large part of the sustenance payment for each individual would come from food stamps and other forms of income assistance, since most participants would be eligible for such assistance. Second, *parti-*

cipation cost stipends would ensure that the additional costs of training do not prevent or deter an individual from participating. Such a stipend allows the prime sponsor the alternative of reimbursing individual participants for services they need and use, or else arranging group services that may be more cost-effective. Third, incentive stipends would encourage participants to maximize their progress through the various levels of the programs leading to placement in an unsubsidized job.

Finally, the limitation on the length of time allowances can be paid, as proposed in the Hawkins bill, responds to the anticipated but naive view that minimal payments during training places undue pressure on participants to not strive toward graduation and placement in a regular unsubsidized job.

LINKAGES WITH PUBLIC ASSISTANCE WORK PROGRAMS AND REQUIREMENTS

One of the major elements lacking in each of the reauthorization proposals is a recognition that linkages must be made between a training program targeted at the poor and low-income unemployed, and the public assistance programs through which these individuals and families receive benefits. In particular we are concerned about obvious conflicts between your attempts to target this group for training, and the simultaneous federal and state requirements that force these individuals, if receiving public assistance, to seek and accept any job, regardless of whether that job is low-wage, dead-end, or not suited to the skills or interests of the individual.

We are aware that your subcommittees do not have total jurisdiction over this very important issue. However, we urge you to amend your proposals to promote such linkages wherever possible, and to additionally begin to work closely with those committees with jurisdiction over these issues. Failure to do this may make your efforts to target services to this disadvantaged population futile.

A public assistance recipient may confront simultaneously a variety of conflicting job search and work requirements. For example, non-exempt AFDC recipients are required to register for and accept any job offered-- even if that job is a dead-end, low-wage job that will not free them from welfare dependence. In some states these individuals may be also required to work a certain number of hours per month without wages as a condition of receiving benefits. In addition, states which operate General Assistance (GA) programs often have similar job search and work requirements. Recently food stamp receipients have been added to the list of those required to both register for and accept work, as well as to "earn" their grants by working in workfare job slots.

What incentive is there for a public assistance recipient to enter a training program knowing they may be forced to leave it in order to avoid losing their benefits? How cost-effective is it to start someone in a training program and then force them to leave because of conflicting job search and workfare work requirements.

We urge you to link these programs and place priority on skill improvement training. Only then will public assistance recipients have a real opportunity to become economically independent. One way to structure such a priority would be to exempt from the job search, job acceptance, and workfare requirements any recipient determined to be in approved "skill-improving" training programs. Such exemption should last as long as the training program.

We specifically urge the Subcommittee to provide a similar exemption from any WIN amendment which would require an annual 5-8 week job search prior to receiving benefits. In our evaluation of programs with similar requirements, most recently the Employment Opportunities Pilot Project (EOPP), we found that many recipients were forced to leave training programs, including college studies, in order to participate in the job clubs. Often these individuals would fail to find a job, or else they would find a low-wage low-skill temporary job, providing no means of working free of welfare dependence.

Thus we urge you to amend the WIN provisions so that recipients enrolled in, and making progress in, skill-improving instruction be exempt from the initial search and all succeeding job searches until the training course is complete.

This concludes our testimony, and we would be glad to respond to any questions on the specific provisions we have requested today. We look forward to working closely with both Subcommittees this year in order to pass an adequate, fair, and effective employment and training program for the poor and the hard-core unemployed of America.

Representative HAWKINS. The final witness is Ms. Rosalie Tryon.

Ms. TRYON. Thank you, Mr. Chairman. My name is Rosalie Tryon, and I am the executive director of ADVOCAP, Inc., a community action agency, a poverty program, serving Fond du Lac and Winnebago Counties in Congressman Tim Petri's district in Wisconsin.

Congressman Petri thought that it would be helpful if I would come and share with you some of the observations regarding employment and training legislation because we have spent the last 15 years operating demonstration and testing programs on the extremely hard to employ people.

Our experience has included national demonstrations where one of the original sites of the supported work program which was originally funded by the Ford Foundation and since has been managed by the Manpower Demonstration Research Corporation.

For the last 3 years we have been running a very special project called Project Opportunity. It is sponsored by the Public-Private Ventures of Philadelphia with Department of Labor money and it has been testing what happens with very small business getting involved in job training; which incidentally does work. We have also had 8 years' experience in working with the private sector summer job funded fully by the Ralston Purina Corp. And we have also run conventional MDTA and CETA programs.

The three national demonstrations that I mentioned are really good examples of public and private partnership. Every demonstration was aimed at a very hard to employ target group. Every demonstration combines some creative philanthropy, public resources, entrepreneurial spirit and drive and, frankly, employer self-interest, which you do have to capture to make this thing work well.

Every demonstration has faced problems with inflexible Federal rules and local decisionmaking, private sector misconceptions and biases and turf battles, and inertia, and I suspect that those will stay as well.

Every demonstration overcame these because there was a Federal possibility and intent, which we need, because some philanthropic support in leadership and in money, can be made available, whether it is direct or indirect, and because local decisionmakers through a locally based community organization like a CAP agency managed to put together the different pieces of the community with enough flexibility to adapt the program so that it is sure to achieve something for people who really need it.

Our experience in national employment demonstrations is a little more extensive than that of the average medium-sized Community Action Agency but the innovative and flexible approach is typical of Community Action Agencies. Big and small urban and rural. I hope when you define private sector you will recognize that the private nonprofit sector is a very hardworking and very efficient tool already available as a vehicle for carrying out work and ought not to be abandoned or cut out of business with crazy cuts.

Our Community Action Agency like most includes decisionmakers from county governments, city government, council of churches, association of commerce, labor council, United Way, school board, vocational schools, and poor people themselves and this together makes a vehicle that allows for the development and delivery of effective programs that coordinate, Federal, State, local, private, and other resources. We are absolutely convinced you need a partnership of many, to make things work.

My comments today are mostly based on what does and does not work if you are dedicated to helping the people who most need it and you are concerned with using every tool in the community, including private business.

First, any legislation must provide a clearly defined role for community-based organizations, and I believe particularly Community Action Agencies in the delivery of programs on the local and State level. Private, nonprofit organizations can serve an intermediary role that goes between the language as well as working type barriers that are different in business and different in Government.

The close links which community-based organizations have with people who need employment, their flexibility, and the ability to do things that very bureaucratic extensions of Government do not have, provide strong arguments for insuring that they are involved as working partners.

Second, regarding the length of training and receipt of services. Six months is the absolute minimum. We have tested and experimented with lengths of time varying from 3 months, 6 months, and 12 months and in my opinion, 6 weeks is a waste of time. It takes 6 months for an employer to know whether anybody did any good. It takes that long to get familiar with the work. It takes that long to get confident about the work, and an absolute minimum of 6 months is what we need for people to begin to feel like employees, to feel like workers who achieve something and to develop a track record.

We need to target employment services to all the economically disadvantaged people age 16 and over, rather than the administration's proposal to limit services solely to AFDC recipients and then not provide day care and to youth 18 to 25. This ignores very large segments of the population who suffer from very severe employment barriers. We have had a long history in observing former mental patients and they excluded in both of those categories yet a job for them means life and health as well as income. Our persons with mental and physical handicaps absolutely have to be included. Displaced homemakers need jobs and training and service. Out of school youth can't afford to be the wrong age and be excluded, and there's a large population, male and female adults, who simply don't fit those very narrow categories.

Revolving what it takes to get the small private sector in, I'd like to define that small business where those jobs are created, really mean small business, like 2 employees, 10 employees, 8 employees, 7 employees. Rural America once pointed out that 80 percent of all the jobs in the rural areas are in places that hire 10 or fewer people. So I would like to make sure that when you provide for business in control of PIC's or in control of decisionmaking that at least half those seats be reserved for very small business because they are the exciting kind of firms that have the real capacity to train people well and to take and expand those jobs.

We have worked with 125 very small firms. Most creative jobs as a result of the help we gave them through our project opportunity and nobody expected that. We expected good training. We found we got both good training and enough of a lift for the small business that frequently it stabilized the business and they were able to add additional workers.

Private business can and will hire hard-to-employ people, but you must reduce risks and complexity. And this means you have to limit the Government paperwork and redtape but not get rid of it. And that's where an intermediary organization acted very well. We handled all risks and all paperwork and all redtape and out of one end of our mouth we talked to Government in numbers and out of the other end we talked in business decisions with business people and enabled them to be used for what they knew while we act as the buffer between them and the varying accountabilities that are necessary. It let them take risks with much worse kids than they would have touched otherwise. You have to absorb insurance and other liability costs. Small employers will not get trapped in training programs to inherit unemployment and workmen compensation problems. An intermediary served very well to handle that problem. There has to be a prescreening of participants to make sure they want to work, it's the kind of work they can do, that they are suitable for the field, and there has to be a way to absorb a portion of the stipends or training costs in the early months, but there is a way to abridge that and begin to phase in the employers at a very early rate.

We have successfully shown that at a cost of $3,000 a piece you could run a good program that creates jobs, that takes tough people, that helps small business, and it works. Unfortunately, it's ending right now as most things are as CETA is drawing to a diminished point, but that experience is available, and it would be easily replicable across the United States. To insure that private business and very small business really will help increase jobs, and reduce unemployment, you must make sure that those small business people are represented on policy councils and on PIC's. If one-half of your decisionmaker are business, those who could afford the time are industrial leaders at high levels, a quite different category than small entrepreneurs who take risks and take risks on people as well as in business.

So I would like to see half of all your decisionmakers and half of all your advisory councils defined as very small business, places that employ fewer than 50 people for that very different kind of pep and energy that you get from the employer who works 72 hours a week himself, and so sets a really good model for the youngsters who work with him.

You must remove some of those barriers for small business by not requiring them to sign an advance commitment to hire. God, they don't even know if their business is going to survive and they won't sign a commitment to hire in advance. But fascinatingly we ask them to do nothing but train the person for their field so well that their competitors would want them and their pride got involved, and if they didn't hire them themselves, they went to their competitors and got the kid a job.

So in my small towns where who you know counts as much as what you know, getting young people connected with very small business meant they got to know the people that the boss knew. And the boss went to bat for them and moved them out.

I am feeling that we are on to a mechanism that no one is talking about and that is using the most risk-taking people at the risk-taking end of business and having them help our problem which is that we have people who are high risk people.

I would like to recommend also that while you need to reduce Government paperwork and redtape, you should not do that by throwing away all standards. And so if block grants will be passed on down with do-as-you-wish with them, they will be used for the people who are highest on the economic ladder.

Congressman Petri and Senators Quayle and Kennedy generally address some of these issues but have failed to make specific points about the very small business being a different breed of cat, than those of large industries. Providing wage subsidy you have to. You have to have stipends or income, unless you plan to exclude the people who really need the training or the work. We have learned that private employers will begin to share in the subsidy by the second 3 months. And we believe that you can provide a full subsidy for the first 3 months, have employers begin to participate by the 4th, 5th, and 6th months, and that you can cut the costs in half by taking the highest risk first. The necessity for a stipend I think cannot really be debated. And it is just ludicrous to assume that if you are highly motivated enough you can survive without either eating or rent, you just can't do it.

We have discouraged small employers from OTJ with the hire first, train later, and OTJ to a large extent is used by the largest industries. You need to open up both.

Congressman Hawkins and Congressman Jeffords both have important provisions regarding stipends. I'd like to see them included and expanded in any new legislation. We'd like to strongly recommend that you look at the experience of very good demonstrations which are accompanied with research data that says it is absolutely cheaper to train people well than not to have them work. The deficits will only continue to climb if we solve it by having more people unemployed, so I don't think you need to look or can look at smaller manpower programs but must look at the broadest, strongest use of employment and training at a time when we need it very much.

Finally, let me restate the obvious. Unemployment is a national problem but it does have local peculiarities. My community's employment problems are directly and drastically affected by national economic conditions and policies but they are also skewed by the fact that we have one of the largest State mental institutions in our area and when people get out that's where they stay. Congressman Petri understands this interplay and he has asked us to help by offering advice. I strongly urge that you consider that your partnership must include Federal, State, and local government and you can't simplistically yo-yo this to just a different layer of government and hope the problems will go away.

I am so pleased that you are all listening and I am so pleased that you are all addressing this problem. I hope we can help.

[The prepared statement of Ms. Tryon follows:]

TESTIMONY OF ROSALIE TRYON OF FOND DU LAC, WISCONSIN BEFORE THE
JOINT HEARINGS OF THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
ON WEDNESDAY, MARCH 17, 1982.

MR. CHAIRMAN, MY NAME IS ROSALIE TRYON, AND I AM THE EXECUTIVE DIRECTOR OF ADVOCAP, INC., A COMMUNITY ACTION AGENCY SERVING FOND DU LAC AND WINNEBAGO COUNTIES IN CONGRESSMAN TIM PETRI'S DISTRICT IN WISCONSIN. CONGRESSMAN PETRI THOUGHT IT WOULD BE HELPFUL IF I WOULD SHARE WITH YOU MY OBSERVATIONS REGARDING EMPLOYMENT AND TRAINING LEGISLATION, BASED ON OUR 15 YEARS EXPERIENCE IN OPERATING EMPLOYMENT PROGRAMS FOR THE HARD-TO-EMPLOY. OUR EXPERIENCE HAS INCLUDED SEVERAL NATIONAL EMPLOYMENT DEMONSTRATIONS SUCH AS THE SUPPORTED WORK PROGRAM SPONSORED BY THE MANPOWER DEMONSTRATION RESEARCH CORPORATION OF NEW YORK; A PRIVATE SECTOR DEMONSTRATION CALLED PROJECT OPPORTUNITY, SPONSORED BY PUBLIC/PRIVATE VENTURES, INC., OF PHILADELPHIA; AND A PRIVATE SECTOR SUMMER YOUTH EMPLOYMENT PROGRAM SPONSORED BY THE RALSTON-PURINA CORPORATION AS WELL AS A HOST OF MORE TRADITIONAL EMPLOYMENT AND TRAINING PROGRAMS AUTHORIZED UNDER MDTA AND LATER CETA.

THE THREE NATIONAL DEMONSTRATIONS I MENTIONED ARE EACH EXCELLENT EXAMPLES OF PRIVATE AND PUBLIC PARTNERSHIP. EACH DEMONSTRATION AIMS AT A PARTICULAR TARGET GROUP OF THE VERY HARD-TO-EMPLOY. EACH DEMONSTRATION BLENDS CREATIVE PHILANTHROPY, PUBLIC RESOURCES, ENTREPRENEURIAL SPIRIT AND DRIVE, AND OFTEN - FRANKLY - PRIVATE EMPLOYER SELF INTEREST IN ORDER TO ACHIEVE ITS INTENDED RESULT. EACH DEMONSTRATION FACED PROBLEMS OF INFLEXIBLE FEDERAL RULES AND LOCAL DECISION MAKING, PRIVATE SECTOR MISCONCEPTIONS AND BIASES AND TRADITIONAL "TURF BATTLES" AND INERTIA.

EACH DEMONSTRATION OVERCAME THESE PROBLEMS AND ACHIEVED ITS INTENDED RESULTS BECAUSE FEDERAL AND PHILANTHROPIC SUPPORT - WHETHER DIRECT OR INDIRECT, FINANCIAL OR TECHNICAL - WAS SUFFICIENT TO MEET LOCAL NEEDS, FEDERAL RULES WERE WAIVED OR MADE MORE FLEXIBLE, LOCAL DECISION MAKERS WERE SUFFICIENTLY IMPRESSED WITH THE LEVEL OF FEDERAL AND PRIVATE COMMITMENT AND BECAUSE OUR COMMUNITY ACTION AGENCY AND ITS BOARD WERE FLEXIBLE ENOUGH TO CONTINOUSLY ADOPT PROGRAM DESIGN AND ADMINISTRATION IN ORDER TO ASSURE ACHIEVEMENT OF OUR EMPLOYMENT AND TRAINING OBJECTIVES.

OUR EXPERIENCE IN NATIONAL EMPLOYMENT DEMONSTRATIONS IS A BIT MORE EXTENSIVE THAN THE TYPICAL MEDIUM SIZE COMMUNITY ACTION AGENCY, BUT OUR INNOVATIVE AND FLEXIBLE APPROACH TO LOCAL POVERTY PROBLEMS RELATED TO EMPLOYMENT AND TRAINING IS TYPICAL OF COMMUNITY ACTION AGENCIES BIG AND SMALL, URBAN AND RURAL, THROUGHOUT THE COUNTRY. THE BOARD OF A COMMUNITY ACTION AGENCY WITH PARTICIPATION TYPICALLY INCLUDING THE COUNTY, THE CITY, THE COUNCIL OF CHURCHES, THE ASSOCIATION OF COMMERCE, THE LABOR COUNCIL, THE UNITED WAY, THE SCHOOL BOARD, THE VOCATIONAL COLLEGE AND POOR PEOPLE THEMSELVES IS AN IDEAL VEHICLE FOR THE DEVELOPMENT AND DELIVERY OF EFFECTIVE PROGRAMS WHICH GENERATE AND COORDINATE FEDERAL, STATE, LOCAL AND PRIVATE EMPLOYMENT AND TRAINING RESOURCES.

MY COMMENTS TODAY, THEREFORE, ARE BASED ON WHAT WE AND OTHER COMMUNITY ACTION AGENCIES HAVE FOUND ACTUALLY "DOES" AND "DOES NOT" WORK IN TRAINING AND HIRING THE HARD-TO-EMPLOY.

FIRST: ANY LEGISLATION SHOULD PROVIDE A CLEARLY DEFINED ROLE FOR COMMUNITY BASED ORGANIZATIONS, PARTICULARLY COMMUNITY ACTION AGENCIES, IN THE DELIVERY OF PROGRAMS AND ON LOCAL AND STATE EMPLOYMENT POLICY BODIES. PRIVATE, NON-PROFIT ORGANIZATIONS SUCH AS THESE CAN FULFILL AN INTERMEDIARY ROLE AS WELL AS A COORDINATING ROLE, AMONG BUSINESS, LABOR, GOVERNMENT, OTHER ORGANIZATIONS, AND THE PEOPLE WHOM WE ARE ALL ATTEMPTING TO ASSIST. THE CLOSE LINKS WHICH COMMUNITY ACTION AGENCIES HAVE WITH PEOPLE NEEDING EMPLOYMENT, COMBINED WITH THE FLEXIBILITY OF COMMUNITY ACTION AGENCIES (WHICH BUREAUCRATIC EXTENSIONS OF GOVERNMENT DO NOT HAVE), PROVIDE STRONG ARGUMENTS FOR INSURING THAT COMMUNITY BASED ORGANIZATIONS, PARTICULARLY COMMUNITY ACTION AGENCIES, CONTINUE TO PLAY A STRONG DELIVERY ROLE IN EMPLOYMENT AND TRAINING PROGRAMS.

SECOND: REGARDING LENGTH OF TRAINING AND RECIPIENTS OF SERVICES, WE RECOMMEND BASED ON OUR EXPERIENCES:

- SIX MONTHS OF TRAINING, RATHER THAN SIX WEEKS, AS THE MINIMUM NECESSARY LENGTH OF TIME FOR AN INDIVIDUAL WITH EMPLOYMENT BARRIERS TO ADEQUATELY DEVELOP A "TRACK RECORD" WITH PRIVATE FIRMS. AND,
- TARGET EMPLOYMENT SERVICES TOWARDS ALL ECONOMICALLY DISADVANTAGED INDIVIDUALS AGES 16 YEARS AND OVER. THE ADMINISTRATION'S PROPOSAL TO LIMIT SERVICES TO AFDC RECIPIENTS AND YOUTH AGES 18-25 IGNORES LARGE SEGMENTS OF THE POPULATION WHO SUFFER FROM SEVERE EMPLOYMENT BARRIERS,

INCLUDING MENTAL HEALTH PATIENTS, PERSONS WITH OTHER MENTAL OR PHYSICAL HANDICAPS, DISPLACED HOMEMAKERS, OUT-OF-SCHOOL YOUTHS, AND A LARGE POPULATION OF MALE AND FEMALE ADULTS WHO DO NOT FIT INTO THE ADMINISTRATION'S TARGET CATEGORIES.

THIRD: REGARDING "WHAT IT TAKES" TO INVOLVE THE PRIVATE SECTOR, PARTICULARLY SMALL BUSINESS, IN JOB TRAINING. BASED ON HAVING OPERATED A SMALL BUSINESS JOB TRAINING DEMONSTRATION FOR THREE YEARS, INVOLVING OVER 125 SMALL, FOR-PROFIT FIRMS, WE HAVE LEARNED THE FOLLOWING:

o PRIVATE BUSINESS CAN AND WILL HIRE THE HARD-TO-EMPLOY IF YOU REDUCE THE RISKS AND THE COMPLEXITIES. THIS MEANS:

-- LIMITATION OF GOVERNMENT PAPERWORK OR RED TAPE (BUT ACCOUNTABILITY IS ESSENTIAL)

-- ABSORPTION OF INSURANCE AND OTHER LIABILITIES

-- PRE-SCREENING OF PARTICIPANTS

-- ABSORPTION OF A PORTION OF THE TRAINING COSTS

o TO INSURE THAT PRIVATE BUSINESS, PARTICULARLY SMALL BUSINESS, CAN PARTICIPATE IN FEDERALLY ASSISTED PROGRAMS AIMED AT REDUCING UNEMPLOYMENT NEW EMPLOYMENT LEGISLATION SHOULD INCLUDE:

-- ESTABLISHING THE SERVICE DELIVERY SYSTEM TO INCLUDE EQUAL REPRESENTAION OF SMALL BUSINESS (UNDER 50 EMPLOYEES) AS WELL AS BIG BUSINESS ON PRIVATE INDUSTRY COUNCILS. SINCE MOST NEW JOB CREATION IS IN SMALL BUSINESSES, THERE SHOULD BE A STRONG EMPHASIS ON INVOLVING SMALL BUSINESS IN ADVISORY AND DECISION-MAKING BODIES.

-- REMOVING THE PRESENT BARRIERS TO SMALL BUSINESS INVOLVEMENT IN JOB TRAINING BY NOT REQUIRING AN "ADVANCE COMMITMENT TO HIRE" (WHICH SMALL FIRMS CANNOT PROVIDE), BY REMOVING LIABILITIES FOR INSURANCE AND WORKERS' COMPENSATION FROM THE FIRMS, BY REDUCING GOVERNMENT PAPERWORK AND RED TAPE. THIS CAN BE ACCOMPLISHED BY USING INTERMEDIARY ORGANIZATIONS, SUCH AS COMMUNITY ACTION AGENCIES, TO ADMINISTER THE PROGRAMS. LEGISLATION PROPOSED BY CONGRESSMAN PETRI AND SENATORS QUAYLE AND KENNEDY GENERALLY ADDRESSES THIS ISSUE.

-- PROVIDING A WAGE SUBSIDY ON A SLIDING BASIS. THE PRESENT NOTION THAT PRIVATE BUSINESS (PARTICULARLY THE VERY SMALL BUSINESSES) CAN TRAIN AND HIRE THE HARD-TO-EMPLOY WITHOUT THIS WAGE INCENTIVE IS UNREALISTIC. WE PROPOSE A SLIDING WAGE SUBSIDY (100%-50%-0) WHICH WOULD PROVIDE INITIAL ENTRY TO THE FIRM AT MINIMAL RISK, WITH INCREASED FINANCIAL RESPONSIBILITY AS THE TRAINING PROGRESSES. THIS IS NOT ACCOMPLISHED UNDER THE PRESENT ON-THE-JOB TRAINING SYSTEM, WHICH DISCOURAGES PRIVATE EMPLOYER INVOLVEMENT BECAUSE OF "HIRE FIRST, TRAIN LATER" STIPULATION AND THE LIABILITIES AND EXPENSES FACED BY THE FIRMS WHICH AGREE TO PARTICIPATE. THE PROPOSALS OF CONGRESSMAN HAWKINS AND CONGRESSMAN JEFFORDS HAVE IMPORTANT PROVISIONS REGARDING STIPENDS. THIS APPROACH SHOULD BE ENCOURAGED AND EXPANDED UPON IN NEW LEGISLATION.

WE STRONGLY RECOMMEND INCORPORATING THE ABOVE INCENTIVES AS A WAY TO SUCCESFULLY INVOLVE SMALL BUSINESS THROUGH COMMUNITY BASED INTERMEDIARIES IN JOB TRAINING. WE HAVE FOUND THAT THE FIRMS MOST WILLING TO TRAIN AND HIRE, ARE NEW, YOUND EXPANDING FIRMS WHICH HAVE A STRONG COMMITMENT TO COMPANY GROWTH. THESE KINDS OF INCENTIVES WILL ALLOW THEIR ACTIVE INVOLVEMENT IN REDUCING UNEMPLOYMENT AND WILL SPUR NEW JOB CREATION.

FINALLY, LET ME RESTATE THE OBVIOUS. UNEMPLOYMENT IS A NATIONAL PROBLEM WHICH HAS LOCAL PECULIARITIES. MY COMMUNITY'S EMPLOYMENT PROBLEMS ARE DIRECTLY AND DRASTICALLY AFFECTED BY NATIONAL ECONOMIC CONDITIONS, BUT THEY ARE ALSO SKEWED BY THE PRESENCE IN OUR COMMUNITY OF A MAJOR STATE INSTITUTION WHOSE POPULATION, UPON RELEASE, TENDS TO REMAIN IN AND AROUND THE COMMUNITY. OTHER COMMUNITIES HAVE OTHER PROBLEMS PECULIAR TO THEIR REGION. TIM PETRI UNDERSTANDS THE INTERPLAY BETWEEN THESE NATIONAL ECONOMIC CONDITIONS AND REGIONAL AND LOCAL UNEMPLOYMENT PROBLEMS. I BELIEVE THAT IS WHY HE HAS HELPED US SECURE NATIONAL DEMONSTRATION PROGRAMS WHICH DEVELOP MODELS TO ADDRESS SPECIFIC EMPLOYMENT NEEDS AND PROBLEMS. I ALSO BELIEVE THIS IS WHY HE HAS INTRODUCED IMPORTANT LEGISLATION WHICH PROVIDES NATIONAL FOCUS AND LOCAL FLEXIBILITY.

IF MY RESTATEMENT OF THE OBVIOUS IS ACCURATE, THEN IT FOLLOWS THAT THE FEDERAL GOVERNMENT MUST SET THE DIRECTION, PROVIDE THE FOCUS, INSURE ADEQUATE RESOURCES AND REQURE FLEXIBLE, NON-TRADITIONAL APPROACHES TO SOLVING REGIONAL AND LOCAL EMPLOYMENT AND TRAINING PROBLEMS. OUR NATIONAL EMPLOYMENT PROBLEM CAN'T BE SOLVED SIMPLY BY "BLOCK GRANTING" FUNDS TO STATES.

THANK YOU FOR THIS OPPORTUNITY TO TESTIFY MR. CHAIRMAN.

Representative HAWKINS. Thank you, Ms. Tryon. May the Chair ask with respect to the training period references in the statement, you indicated that 6 weeks was not long enough, that a minimum of 6 months of training is the minimum necessary length of time.

Relating that to the administration's proposal to provide roughly $1.8 billion in fiscal year 1983, and in the budget to propose the expenditure of only $900 million for fiscal year 1983, if my mathematics don't fail me, means about $900 per enrollee and yet the claim is made that the proposal is intended to train roughly 1 million people. Can you see how in the quality of training that you suggest that that expenditure could do much more than simply deflect individuals into poorly trained, low income occupations?

Ms. TRYON. I like the way you said that.

Representative HAWKINS. I am trying to put it together myself. It is difficult to do so, but——

Ms. TRYON. When I review the administration's plan, I don't consider the plan to solve either unemployment or training. I see it as a peripheral edge that is impractical and will exclude difficult people. I don't think you will have results in it. My math—I consider it fiscally creative, but I do the same math you do and it just doesn't come out. It is just a glib, over the top. When I looked at your bill, I found it shorter than the need, but much closer to adequate.

Representative HAWKINS. We've raised it a billion since its introduction, because we thought it was too conservative, so we're up to $6 billion, which I think is still inadequate——

Ms. TRYON. A more reasonable number.

Representative HAWKINS. Spending $2 billion a month on unemployment insurance certainly seems to me that you have to think in terms of priorities; where the money is going to be expended. And if you expend it on a cost-effective program, if the program actually returns something, if you are putting a productive individual to work, and getting a return on that individual to me that's good economics. Not only good morals, but it's good economics.

Ms. TRYON. There is a great deal of research done on this. When supportive work was done mathematically, they really did find that it's absolutely cheaper to have a person trained. It didn't happen in the first day or two, either.

Representative HAWKINS. Let me ask Dr. Sullivan to comment on pretty much the same. Dr. Sullivan, I wish you'd clarify one thing for us. May I just indicate that when I first came to Congress I recall that I traveled to Philadelphia and you were operating a training program in a jailhouse. The jailhouse was no longer being used as a jail, let me stipulate that for the record.

But it was the facility that you were still using and I think it was a self-help program, perhaps a lot of it financed out of your pocket. That was what I saw then. We've traveled a long distance. There is some misconception as to whether or not you still rely completely on self-help or whether or not stipends are being used by OIC and so forth, and I would hope that you clarify that for us also.

Mr. SULLIVAN. OIC is still a self-help program. And its planned to utilize the resources of the community, the private sector, the people in the community, the churches, and whatever other resources might be available, plus whatever other help can be forthcoming from the Government. To put together a training process to assist with attitudinal training, skills training, job-related skills, job development and job placement and job follow-up, the maximum in taking hardcore unemployed people off welfare and unemployment roles, to put them in jobs, at the minimum amount of cost, but with a maximum amount of benefit to themselves, their community, and to the Nation. And in putting together that comprehensive plan, we have been able to train and place hundreds of thousands of people successfully in jobs in more than a hundred communities.

We have found that the average rate for the training of an individual from the street to a job in the training, would be at this point a minimum of $1,500. Realizing that some persons could be trained in 6 months, for a given job, because of where they come from when we get them, and get them out into a job. To some who might have to stay with us, in computer training, for a year to get them prepared and get them out on a job. It requires that amount of money just within the training process.

We are still a self-help program because we believe that the total resources that we have in America, have to be applied to the unemployment problem. To the maximum extent possible. And that means not only from the Government, but from the private sector as well as from the initiative of the people themselves. And in that way you can put together a package that not only can reach large numbers of persons, but is cost effective and beneficial.

One of the thing that concerns me about this whole sense of direction is that it waves a hand at the problem and does not deal with the problem. We are talking about 3 million unemployed youth now that we count but there are really more unemployed youth that we have in our communities that we have to deal with plus millions of people, literally millions of people who are not youths, but who are still young enough who are filling the unemployment roles, who need retraining, and as someone has said, dealing with persons into displaced worker situations.

And so we have a two-tier problem to deal with. The youth unemployment and the need for retraining and the upgrading of skills for jobs that can exist or jobs that can be created within our American society.

There are 13 million businesses in America. Now, even if every business took one, it would solve the problem of unemployment. But that wouldn't happen. But when we talk about employment, we are not only talking about businesses, and certainly not the large businesses, because the large businesses aren't going to employ these young people. The IBM's, and the GE's, aren't going to employ these young people. They are for the most part going to be the 80-percent small businesses in the neighborhood areas and in the small 50 employment areas. You have to target also, not only the big employer, but also to the small employer.

But if we are able to develop a concensus around the formulation of a jobs policy that can come out of this kind of legislation that you are initiating, with the kind of strength that can be built within the community, we think that we can get a handle on the problem. But we cannot rely on you to do it. We can't rely on the

Government to do it. We certainly can't rely on the White House to do it. But we do think that if all parts of our American society begin to work on it, that it is do-able.

That is where I'm coming from, the do-ability of a process that will help the unemployed.

I am concerned about the reprioritization of resources. The cost of one battleship, $3 billion, would employ and place 2 million young people. Substitute one battleship and we can help 2 million young people. One battleship for 2 million young people—the reprioritization of resources.

The question of what happens in terms of the economics of fiscal policy. It has been estimated that $30 billion is the cost to every 1 percent added to the unemployment rates of the country. In terms of tax benefits, in terms of welfare costs, unemployment costs, and all the other peripheral costs. So we do have something here that must be dealt with if we are going to even solve the budget problem.

Representative HAWKINS. I don't want to use the gavel on a good Baptist Minister. Thank you, Reverend Sullivan.

I yield to Senator Quayle.

Senator QUAYLE. Thank you very much, Mr. Chairman, and I certainly appreciated the testimony of the CBO representatives.

I just have one question I would like to follow up with Reverend Sullivan, on this issue of stipends. A number of OIC directors in the State of Indiana that I have conversed with, have been very proud of the fact they don't get into stipends. It is, as you said, a self-help organization, or self-help attitude and it was personally very enlightening to me to have someone come forth and say, we really don't need those stipends, just give us the allocations for training. That's what we are talking about. Teach the person how to catch the fish, rather than to give him the fish.

OIC has been very successful in Indiana. I understand that OIC has had this policy of no stipends and also understand they have had a policy in some cases to have stipends and allowances.

I wonder if you can comment on the success stories on a comparative basis on this issue of stipends and allowances. It is a major difference and it's going to be an issue that's going to be debated in this legislation. The OIC organizations are very proud of the fact that they do not encourage or do not recommend stipends. I would like if you could comment on that specific issue of stipends.

Mr. SULLIVAN. I think, Mr. Senator, and I must say I want to commend you on the spirit and the sensitivity you've shown in your legislation and in your approach to these matters. You are a benefit to the Nation in what you are trying to do. I think it depends on the program, where the program is coming from. I cannot speak for the Urban League because they have their program and their design, and where they are coming from.

Because we are all brother and sister community based programs and they all have their own form for getting their job done. And I must say the most effective delivery of services in America you will find will be these community based programs.

OIC is philosophically a nonstipend program. It is not to say that in some of our programs we do not utilize stipends to advantage. Philosophically we were nonstipend because we wanted the resources to go into the strengthening of the training process. And so we can reach as many as we could with what resources we had to get them on jobs as fast as we could.

The other concern we had was we wanted to be sure the people weren't in the program for the stipend, but for the training and the benefit of getting out to get a job. The other reason I mention this philosophical view came on was because when we started there were no stipends. We had nothing like that to contribute to our trainees. So we created what we called brotherhood funds, to help people with car fare and lunch and even money to take care of their babies, and pay their rent and they paid it back once they got on the job. And incidentally, 80 percent of the money from the brotherhood fund came back from the persons once they got their jobs. So they repaid it and created a recycling process within the program to assist with the minimal benefits that were needed by people in the program.

So we have had that kind of success within our programs. And it has been on that philosophical base that we have developed our nonstipend approach to the programs. We have been able to reach more. We have had more of the motivation for selfimprovement, and we have known the people who have come, have come to get help, rather than to get what they could.

But that is our approach. I prefer that we not say that should be the comprehensive approach because the OIC form is a component within its own right, designed around its own philosophy. And in many of our programs where we use a stipend, it has been very successful.

Representative HAWKINS. Mr. Weiss.

Representative WEISS. Thank you very much, Mr. Chairman. We had some discussion with the Secretary of Labor and his people as to the effectiveness or noneffectiveness of the CETA program, especially as it relates to the placement rate of people who have gone through the training program.

I wonder if each of you could give us the percentage, the average percentage, of placement that you have found after your training program, after the lapse of a year or 2 years, if you have done that kind of work.

Ms. TRYON. I have very thorough data for the first 90 days. Nobody provides enough staffing to let you go and follow people for 2 years. But my community is small enough that I get the return anyway.

We run about five kinds of programs. If you think of them as how easy people get, the more conventional CETA programs aimed at the easier among them and we had placement rates as high as 70 percent, but when we targeted the really tough people, former mental patients, exoffenders, long-term AFDC and youth in trouble with the law and dropouts, both. Now those are really tough people. In supportive work, my overall rate was 41 percent of the people went to a job plus an additional 10 percent went on to further education which with us was a very valuable result.

So that's at the most difficult end. But that wasn't done in 5 minutes. That was 6 to 12 months of intensive supportive work that changed people from utterly unemployable, called the underclass, into 40 percent who got and held jobs at least for the first 90 days. And meritively we tend to know much longer. On this new project opportunity, using small business, all my kids were high school youth unemployed and half were high school dropouts. And they were batting 56 percent placements, everyone in private business and an additional 12 percent back to school, or 68 percent positive rate. And that's really—

Representative **Weiss**. And that again was in 90 days?

Ms. **Tryon**. That one I have more information on. We train people there for 6 months and the retention rate is about 90 percent on those jobs over a 6-month period.

Interestingly, the ones who didn't stay was because the business folded. The kid didn't fail. Which says more about the economy and high interest rates than it does about the job training program.

But for those I would have the information on a 6-month track, but not a year track. CETA was a lot more effective than people thought, you know.

Representative **Weiss**. We are all willing to admit.

Representative **Hawkins**. Thank you very much. Mr. Garza.

Mr. **Garza**. Again the placement rate always depends on the level of investment in that training. Our job corp centers, for instance, where you have residential training, and very intensive training, placement rate is 90 percent of those people that enter. Now, if you look at on-the-job training, when we signed that OTJ contract with an employer, again placement rates are 100 percent. When you are just talking in general, some walk-in traffic, and you help them find a job, again you find that the placement rates are much lower because you have not invested in training that person or providing that person with a particular skill. So that again placement rates will vary, depending on the investment in training for that person.

Representative **Weiss**. So as far as training, those who have gone through your training program.

Mr. **Garza**. I would say you need at least 80-percent placement rate to really be successful. When you invest training money in that person.

Representative **Weiss**. Thank you. Reverend Sullivan.

Mr. **Sullivan**. I would say that with the OIC's that have not been fragmented—many of our programs have been fragmented because parts of them have been taken away and therefore you don't have a comprehensive program—

Representative **Weiss**. Reverend, I don't want to rush you, but my yellow light is shining, and I want to get to other people also.

Mr. **Sullivan**. Where they have not been fragmented, 70 to 80 percent of placement. Because we only train for jobs that exist within a community.

Representative **Weiss**. Thank you very much. Ms. Cooper.

Ms. **Cooper**. I do not have the breakdown by term or length of training. The average that we came up with was 78 percent of those who were served after completing training and were placed in unsubsidized jobs. An average cost by the way per placement, of $811 per person and that $811 was last year's figure. Prior to that, 1978 to 1981, we had had a per placement cost of $851.

Representative **Weiss**. Ms. Fleming.

Ms. **Fleming**. We have trained and placed about 1,500 disadvantaged women over the years we have been doing employment training programs. Youth, AFDC recipients, handicapped women, heads of household. These are just big broad averages, but roughly we have a 75-percent placement rate based on a 3-month followup. Our best placement rate was 95 percent, that was in a program done with private industry that involved a year's skilled training. It cost us roughly $3,000 per woman but that's an investment in more than one person. It's an investment in her kids, it breaks the cycle.

Representative **Weiss**. Thank you. Mr. Poulard.

Mr. **Poulard**. My dealings, Mr. Weiss, is with that unaffiliated community group, not a local chapter of an OIC, but with many thousands of unaffiliated ones on whom there are no national stats kept, no trade association for them.

Illustratively, I can say that one in Mr. Hawkins' district, WLCAC, a CBO probably, places 85, 90 percent of its trainees, and graduates of its PIC programs, the Woodmont organization in Chicago, 85 percent. The prime sponsor there, pleading with them to take placement contracts. Here is CBO being asked to take placement contracts. Another illustration is in Miami, when the prime sponsor apply her performance standards, graded the CBO's as having fared better than the prime itself in Miami. And accordingly in fiscal 1982 awarded 60 percent of PSE funds to unaffiliated CBO's. Illustratively, you could see some good experiences for their own or national statistics on the affiliated groups with whom I relate.

Representative **Weiss**. So the CBO's have had a pretty good record of training and placement of people.

Thank you all very much. Thank you, Mr. Chairman.

Senator **Quayle** [presiding chairman]. Mr. Jeffords.

Representative **Jeffords**. Thank you. Very excellent testimony and very excellent dialog. I will restrict myself to one question. Miss Cooper, you made a statement that we ought to be very careful in serving inschool youths, 14 to 15, unless there is accountability by the school district.

I wonder if you could amplify on what you mean by the problems of accountability.

Ms. **Cooper**. Once the school system gets those training dollars, they ought to be held to task, or held accountable as we are, for what happens to those youths as a result of their training. The school system has a mandate to train, to educate, as we perceive it, to prepare the youth for the world of work. What these limited funds will be doing will be providing additional dollars for them to do what they already are being paid to do. And obviously not doing very successfully, otherwise why would they need these additional dollars.

Representative **Jeffords**. In other words, these funds are not really being charged, just thrown into the kitty that is used for general purposes?

Ms. **Cooper**. We don't know what they are being used for. The accountability is not there. If high school aid gets a million dollars as a result of having gotten those million dollars, can they document the fact that because they got those dollars, they were able to graduate a number of identified youths who perceivably would have dropped out or who perceivably would not have been able to, or be prepared for the will to work. We don't see this as the best use of these limited resources.

Representative **Jeffords**. I hope that, in the past couple years, we increased the ability to be able to account for those funds, but I am interested in your comments, and I will try and follow up and see whether that has been successful or not. Thank you.

Senator **Quayle**. I want to thank the very distinguished panel for your input. It will certainly be well received and we look forward to working with you as we go down this legislative route. Thank you all very much.

The next panel is Mr. Nochimson, Mr. Smart, and Mr. Brown.

Mr. Nochimson, go ahead. The committee will be in order.

STATEMENTS OF KENNETH NOCHIMSON, EXECUTIVE DIRECTOR, NATIONAL YOUTH ADVOCACY COALITION, NEW YORK CITY; WALTER SMART, EXECUTIVE DIRECTOR OF THE UNITED NEIGHBORHOOD CENTERS OF AMERICA, INC., TESTIFYING ON BEHALF OF THE NATIONAL COLLABORATION FOR YOUTH; AND LARRY BROWN, PRESIDENT OF 70001 LTD., THE YOUTH EMPLOYMENT CO., WASHINGTON, D.C.

Mr. **Nochimson**. Thank you, Senator Quayle, and I commend you for your hearings of last year, which I think shed light on the subject and have brought us—

Senator **Quayle**. Would you suspend 1 minute. Would the audience be quiet, please. We have other witnesses that would like to testify. Thank you.

Mr. **Nochimson**. I commend you for your hearings which you held last year, which shed light on the subject, and I think have led us to a point where the Congress is now willing to act.

I will make a few brief points concerning the National Youth Employment Coalition's positions and then let the gentleman to my right speak.

Unemployment has become a persistent and escalating problem and the Government has years of experience now and thousands of pages of research to show what works and what does not. These facts demand a stable and permanently authorized youth employment and training policy.

The coalition supports employment and training opportunities for all Americans but in times of diminishing resources we support eligibility for job training programs to youths from families whose incomes are less than 70 percent of the Bureau of Labor Statistics' lower standard of living.

The coalition supports setting aside 10 percent of all Federal job training resources for serving youths who do not meet income eligibility standards but who face other barriers to employment. Those barriers include problems related to being a teen parent, school dropout, youth with a language barrier, history of drug or alcohol abuse, or those who have been involved in the criminal justice system.

At least half of all job training resources should be targeted to young people between the ages of 14 to 21. We strongly support equitable services to high school dropouts. And these young people must receive support services to participate in these programs. New legislation should encourage employment programs to train young people which are free of gender or racial stereotyping.

New legislation should mandate a single planning body for all federally sponsored job training activities. The board should embody a broad spectrum of community interests and should include representatives from local governments, large and small businesses, community based organizations, organized labor, and the young people who will be served.

Private sector involvement cannot stop with a merely nominal presence; companies should be represented on area planning boards by chief executive officer or by her or his designee. The majority of the designated planning body's members should come from the private, profitmaking concerns. Committed participation by the private sector will take time to develop and service delivery must not be delayed until it does.

Community based organizations have a long, successful history in service to young people. They were created largely as a result of the inability and sometimes the unwillingness of established public institutions to serve poor people. Since most are formed in neighborhoods of the people they serve, they remain responsive to the needs of the clients. We strongly support separate national programs for special populations with particular needs, such as native Americans and migrant farmworkers and their families. In addition, the existing national program of training and technical assistance for local programs serving those populations should be maintained as a way of improving both performance and productivity.

Shortly before his death last year, at the age of 81, the renowned scientist, Rene Dubos, wrote an article assessing the state of Western civilization. Though he mentioned his lifelong concerns of industrial pollution, food shortages, and other technological issues, this wise man notes that the important problems we face are not technical, but ones of value and judgment. And as an example, he stated, and I quote,

> Poor value judgment leads us to ignore an already existing tragedy—the greatest pollutant of our peacetime world—youth unemployment. Because they are not given the opportunity to function in a normal society, by being meaningfully employed, young people are organizing into social groups of their own. This struggle for their inalienable rights will inevitably lead to disastrous social conflict.

In the same article Dr. Dubos cites some successful youth employment programs which he encountered and he challenges us to help young people to become productive citizens. It is that challenge which we must all embrace. Thank you.

Senator QUAYLE. Thank you very much.

[The prepared statement of Mr. Nochimson follows:]

TESTIMONY BY KENNETH NOCHIMSON
EXECUTIVE DIRECTOR
NATIONAL YOUTH EMPLOYMENT COALITION
BEFORE THE
HOUSE OF REPRESENTATIVES SUBCOMMITTEE
ON
EMPLOYMENT OPPORTUNITIES AND THE
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
CONCERNING EMPLOYMENT AND TRAINING POLICY

As the Congressional debate on reauthorizing the Comprehensive Employment and Training Act (CETA) begins, the nation's attention will once more focus on the problems of youth unemployment and job training for young people. With the number of unemployed young people spiralling upward at an increasingly ominous rate, finding viable ways to make young people job-ready becomes a steadily more pressing question. It is a question which must be answered with a coherent, comprehensive national policy on youth employment — or it will not be answered at all.

The National Youth Employment Coalition has brought together policy analysis and the program experience of its member agencies to outline the key issues which any federal job training legislation must address. It is the Coalition's hope that the considerations raised here will serve as a blueprint for the discussion from which a national policy can emerge.

New Employment Training Legislation Should Be Permanently Authorized

The short term authorization of CETA and previous legislation was amply justified by both the cyclical nature of the unemployment problem and the need to test various methods of attacking the problem.

Today the situation is different: Unemployment has become a persistent, escalating problem and the government has years of experience and thousands of pages of research to show what works and what does not. These new facts demand a stable and permanently authorized federal employment training policy.

Permanent authorization is virtually essential if the private sector is to be a part of planning and operating programs. Private companies will rarely invest time and money in a project built on shifting sands. Further, agencies which deliver training services will not be able to develop their expertise unless their future is assured for more than a year or two.

New Legislation Should Provide Specific Services to Youth

Young people's training needs differ from those of adults. Adults seek permanence; youth are often still sampling the labor market. Young people are less likely than adults to have had any work experience or to have solid work skills. In addition, they have frequent misconceptions about the skills required in the labor market. In order to respond to the needs unique to young workers, employment and training programs should distinguish between youths and adults in both their design and in their performance standards.

Further, many young people between the ages of fourteen and twenty-one are particularly in need of services targeted to their specific problems in the labor market. For example, nationally more than 25% of all young people leave high school before they graduate; in urban areas, the dropout rate is frequently double that. Clearly, then, employment and training programs must pay special attention to these youths: the consequences of failing to do so may well relegate them to a permenent underclass.

Targeting

The National Youth Employment Coalition supports employment and training opportunities for all Americans. However, in times of diminishing resources, eligibility for job training programs must be limited to youths from families whose incomes are less than 70% of the Bureau of Labor Statistics' lower standard of living.

The Coalition supports setting aside 10% of all federal job training resources for serving youths who do not meet the income eligibility standard but who face other barriers to employment. Among these are teen parents, school dropouts, youths with language barriers, youths with histories of drug or alcohol abuse, and youths who have been involved with the criminal justice system. At least half of all job training resources should be targeted to young people between the ages of fourteen and twenty-one.

New Legislation Should Serve Affirmative Action Policy

The National Youth Employment Coalition is committed to pursuing every avenue toward ending discrimination based on race, sex, age, religion, or national origin. New federal employment training legislation can — and should — further that goal. All existing contracts should be reviewed to ensure compliance with federal antidiscrimination policy.

New legislation should encourage employment programs to train young people for jobs which are free of gender or racial stereotyping. Incentives should be developed to reward companies which do so.

The Role of the Private Sector Should Be Substantial

The Coalition encourages private employers and private voluntary organizations to take an active, responsible role in national job training programs. Five out of six jobs come from the private sector: making private employers a part of employment training programs can improve their content, quality, and management.

Private sector involvement cannot stop with a merely nominal presence: companies should be represented by a chief executive officer or by her or his designee. The majority of the designated planning body's members should come from private, profit-making concerns.

Although the Coalition strongly urges the private sector to take a significant role in job training efforts, it also recognizes that this degree of involvement has not always materialized in the past. New legislation must seek actively to engage the private sector, but national policy cannot be totally dependent on private, voluntary efforts. There should be no delay in implementing national job training policy, even if private sector involvement is lacking. Committed participation by the private sector will take time to develop: service delivery must not be delayed until it does.

The Delivery System

The mechanism for delivering employment and training services must be designed with a goal of stability and reliability.

Experience with the existing system of local and balance-of-state prime sponsors has been generally good. The Coalition is concerned that a shift from the current scheme to a totally new delivery system will not only result in confusion but will also delay providing services to those in need. We therefore encourage continuing the system of block grants to local government — especially to governors, for balance-of-state programs — within the parameters outlined below.

New legislation should mandate a single planning body for all federally sponsored job training activities. The board should embody a broad spectrum of community interests and should include representatives of local governments, large and small businesses, community-based organizations, organized labor, and the young people who will be served.

The role of the planning board should be restricted to data gathering and analysis, planning, selection of service delivery organizations, and monitoring fiscal and program performance. In order to avoid the natural conflict between institutional self-preservation and broader community interests, under no circumstances should the planning board or its staff be engaged in direct delivery of services.

Community-based organizations have a long successful history of service to young people. They were created largely as a result of the inability — and sometimes the unwillingness — of established public institutions to serve poor people. Since most are formed in the neighborhoods of the people they serve, they remain responsive to the needs of their clients. They have access to clients most in need of resources and access to the people best equipped to provide services. New employment and training legislation should therefore encourage community-based organizations which already provide effective services to continue to do so by allocating at least 30% of the funds in each of the service areas to them.

Employment and training legislation should encourage local educational institutions to engage in joint planning and service delivery with community-based organizations. To further this goal, education agencies should have their job training programs approved by the relevant planning body. The review would ensure that their interest in and ability to serve all young people — especially those most disadvantaged — is adequately demonstrated.

New legislation will begin with a great handicap if it fails to incorporate the successful people and programs of the past. It is essential that new legislation recognize this as it moves from the old system to the new, so that participants and service providers are not lost.

Income Transfer Should Not Be an Element of National Employment Training Policy

The Coalition recommends a clear separation between employment training services and income transfer or maintenance services. Employment training programs should be founded on a policy of building human capital for the American work force. Mixing job training with the aims of income transfer dilutes its purpose and severely impairs its effectiveness. While the need for income transfer programs is clear, they must remain separate from job training efforts.

People who want job training usually want to participate in the program regardless of whether they receive money for doing so. They should not be enticed into training by an allowance nor should they be coerced into training by a threat that they might lose other support such as unemployment insurance, day care, or medical care. Often only the availability of these support services makes participation in a training program possible.

Finally, the Coalition notes its position on income transfer policy with respect to the summer youth employment programs. It is crucial that young people be exposed to work and learn basic job skills during a summer job. Putting income in a young person's pocket during the summer months serves a vital public policy. The Coalition therefore encourages maintaining the income transfer elements of the summer programs while emphasizing education, training, and job skills to the young people on the job.

Separate National Programs for Special Populations Should Be Maintained

The Coalition recommends supporting separate national programs for special populations with particular need, such as native Americans and migrant farmworkers and their families. In addition, the existing national program of training and technical assistance for local programs serving these populations should be maintained as a way of improving both performance and productivity.

Allocation Formula

An area's general unemployment rate should only partially determine its base allocation of funds. The allocation formula should also take into account the number of people in the area with incomes below the Bureau of Labor Statistics' lower standard of living, the number of unemployed youths, and the number of long term unemployed.

Further, the base allocation formula should be enhanced by incentive bonuses. The Coalition recommends that incentive bonuses be offered for those program goals: superior program performance; forming consortia of programs to serve distinct geographical areas of the labor market; and successfully soliciting non-federal matching funds — especially private funds.

Senator QUAYLE. Mr. Smart.

Mr. SMART. Mr. Chairman, members of the subcommittee, my name is Walter Smart, executive director of the United Neighborhood Centers of America. I am pleased to have this opportunity to speak before the joint hearings on behalf of the National Collaboration for Youth. The collaboration consists of 13 national voluntary private sector youth organizations.

Its members are the American Red Cross, Big Brothers and Big Sisters of America, Boys Clubs of America, Boy Scouts of America, Camp Fire, Inc., 4-H Youth Programs, Future Homemakers of America, Girls Clubs of America, Girl Scouts of the United States, YMCA of the U.S.A., YWCA of the U.S.A., and the National Network of Runaway and Youth Services.

Together our member organizations represent 40,000 professionals operating at the local level more than 3 million volunteers, 450,000 local program units, and we serve about 25 million youth.

Mr. Chairman, in consideration of the time, I would like to just highlight the testimony and submit my testimony plus two attachments for the record.

Senator QUAYLE. It will be submitted.

Mr. SMART. Thank you.

As organizations with deep roots in their communities, some go back generations, our member agencies are well situated to meet the needs of young people. As the representatives of the private sector serving youth organizations, the collaboration has served as an advocate for policies and programs to enhance youth development. It is in that role that I appear before you today.

We have looked at four legislative proposals under consideration. I would like to first make three general comments on youth employment and training before addressing any specific provisions and principles.

The collaboration believes that a successful program must place an emphasis on training, be given adequate funding, and actively involve the business sector.

The collaboration agrees with the emphasis on training reflected in the bills before you, and our experience, however, training to acquire employment skills, is not limited to formal participation in skills training classes. It can also be obtained through carefully supervised work experience. The legislation should permit funding of work experience for youth.

Youth agencies which I represent are strongly committed to the concept of mainstreaming by which I mean carrying out youth programs on a comprehensive basis which permits a mix of clients from different socioeconomic backgrounds. We strongly urge the Congress to provide a sufficient level of funding that will permit reasonable progress to be made in resolving the Nation's youth employment problems. This applies both to funds that are to be managed by the State and local entities and the funds which are to be managed directly by the Federal Government to support national programs.

The collaboration is in complete agreement with the emphasis that current legislative proposals put on the participation of the private sector. There must be a real link between employment preparation and real jobs. This link can be forged only through the active participation of employers in business and industry. Our boards include volunteers who fit this description.

I would like now to address seven specific components that the collaboration believe were essential.

One. A bill must first recognize the severity and complexity of the youth unemployment problem separate and different from the general problems of adult unemployment. Such recognition implies the development of separate youth programs protected by earmarking funding either through mandated set-asides, or such other practical constraints.

Senator QUAYLE. Mr. Smart, time has expired. If you want to summarize it in 10 seconds——

Mr. SMART. Thank you. We believe that 14 and 19 is the more precise definition of youth. Youth is not a moving target sliding up and down, and we believe the earlier you start working with the youth, the more successful programs can be later on.

Senator QUAYLE. Thank you. Your full testimony will appear in the record.

[The prepared statement of Mr. Smart follows:]

NATIONAL COLLABORATION FOR YOUTH
An affinity group of the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc.

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Testimony of Walter Smart

Executive Director, United Neighborhood Centers of America, Inc.

before the United States Senate Subcommittee

on Employment and Productivity and the

U. S. House of Representatives Subcommittee on

Employment Opportunities

Joint hearings on Employment and Training legislative proposals

S. 2036 Training for Jobs Act

S. 2184 (the Administration bill)

H.R. 5320 Community Partnership for Employment and Training Act

H.R. 5461 Productivity and Human Investment Act

March 17, 1982

Presented on behalf of the following member organizations of the

National Collaboration for Youth:

American Red Cross
Boys' Clubs of America
Boy Scouts of America
Big Brothers/Big Sisters of America
Camp Fire, Inc.
4-H Youth Services
Future Homemakers of America
Girls Clubs of America, Inc.
Girl Scouts of the U.S.A.
YMCA of the U.S.A.
National Board, YWCA of the U.S.A.
National Network of Runaway and Youth Service
United Neighborhood Centers of America, Inc.

Mr. Chairman and members of the Subcommittees:

My Name is Walter Smart, Executive Director of the United Neighborhood Centers of America. I am pleased to have this opportunity to speak before this joint hearing of the Senate and House subcommittees considering various proposals for employment and training legislation, on behalf of the National Collaboration for Youth, a group of 13 national voluntary private sector youth organizations. In addition to the United Neighborhood Centers of America, the organization with which I am directly associated, the other Collaboration member organizations are: American Red Cross; Big Brothers/Big Sisters of America; Boys' Clubs of America, Boy Scouts of America; Camp Fire, Inc.; 4-H Youth Programs; Future Homemakers of America; Girls Clubs of America, Inc.; Girl Scouts of the U.S.A.; YMCA of the U.S.A.; YWCA of the U.S.A.; and National Network of Runaway and Youth services.

The National Collaboration for Youth is an affinity group of the National Assembly of National Voluntary Health and Social Welfare Organizations, a nonprofit organization composed of 36 voluntary agencies.

The Collaboration members joined together in 1973 to work toward common goals in providing services to the nation's youth. Together, our member organizations represent a network of 40,000 professionals operating in the private not-for-profit sector at the local level. They work with more than three million volunteers from all walks of life, who, in the long tradition of responsiveness of private voluntary agencies, give their time and talents to helping young people take their place in society as responsible and productive citizens. Our member organizations comprise over 450,000 local program units which address youth's needs on many fronts -- vocational, employment, educational, health and family life. As organizations with deep roots in their communities -- some go back generations -- our member agencies are well situated to meet the needs of young people.

As the representatives of the private sector youth organizations, the Collaboration has served as an advocate for policies and programs to enhance youth development. It is in that role that I appear here before you today.

As understood by the Collaboration, there are four major legislative proposals to deal with the national problems of youth employment and unemployment presently under consideration by one or both Subcommittees. These are S. 2036, Training and Jobs Act; the Administration's Job Training Act of 1982; H.R. 5320, Community Partnership for Employment and Training Act; and H.R. 5461, Productivity and Human Investment Act. The Collaboration is not in a position to unreservedly support any one or the other of these bills. However we have looked at all four to measure them against the principles which our experience with youth has convinced us are essential to the successful development and implementation of effective youth employment policies and programs. I would like to say here that the Comprehensive Employment and Training Act or CETA, particularly as it has evolved over the past ten years, has not only provided our agencies with an opportunity to better meet the needs of the youth they serve, but also has served as a crucible for testing and strengthening the principles outlined below. The most important of the principles are:

- A Recognition of the severity and complexity of the youth employment problem, separate and different from the more general problems of adult employment and unemployment. Such recognition implies the development of separate youth programs, protected by earmarked funding, either through mandated set-asides or other such practical constraints.
- A definition of "youth" based on being of a young age, specifically age 14-19. "Youth" is not a moving target, sliding up or down the age scale in concert with demographic bulges or dips. It is a recognized stage of human development which requires special attention, special programs, special policies.
- The unique role of the private voluntary sector in the provision of services to youth. The private voluntary sector is in fact a national resource of inestimable value which could and should be utilized to the maximum extent possible. Among the most important of these resources is the volunteers, some of whom are business men and women as well as decision-makers in our youth organizations.
- Local community program development and management, where the problems are known and solutions are possible. However, the federal government must take responsibility for the establishment and enforcement

of such standards and for the operation and funding of national programs which are best run on a national basis, such as demonstration programs which emphasize collaboration among the public sector, the business sector, the voluntary sector and youth are an example.

— A comprehensive approach to meeting youth needs to achieve maximum results. Therefore, in addition to training and remedial and basic education, funds should be used for the development of employability skills.

— The emphasis should always be on disadvantaged youth, that is those from low income families. Youth with special needs should also be eligible to participate. Included in this group are status offenders, handicapped, drug abusers, teenage parents, serious and violent offenders, or those who underachieve in the school system. Income eligibility criteria should be waived to allow 10 percent participation by such youth.

— The inability to obtain and hold good jobs in the labor market, affects young people of both sexes. Steps must be taken to insure that young women as well as young men have equal access to and participation in services.

Before going on to comment on specific provisions of the legislative proposals as they relate to these principals I have a few general comments.

Emphasis on training

The Collaboration agrees with the emphasis on training reflected in the bills before you. We agree that provision of training is a primary objective of youth employment policy. Clearly young people must acquire marketable vocational or occupational skills if they are to succeed in the labor market. In our experience, training to acquire employment skills is not limited to formal participation in skills training classes. It can also be obtained through carefully supervised work experience. We believe that the legislation should permit funding of work experience for youth. As we all know, almost every middle class youth gets some work experience, usually during the summer months, performing tasks that teach skills required in the labor market. Lawn care, babysitting, building maintenance, food service, and day camp programs are good examples. Disadvantaged youth should have the opportunity for the same valuable learning experience. The youth agencies which I represent are strongly committed to the concept of "mainstreaming," by which I mean, carrying out youth programs on a comprehensive basis which permits a mix of clients from different socio-economic backgrounds. We believe that the mainstream approach of our agencies can be particularly important to both middle class and disadvantaged youth. We urge that program services for mainstreaming purposes ~~be allowed to~~ include youth who do not meet the low income criterion. Additionally, the legislation should include a summer work experience program.

Adequacy of funding

We strongly urge the Congress to provide a level of funding that will permit reasonable progress to be made in resolving the nation's youth employment problems. Sufficient funds should be provided to permit administrative economies of scale, the development of rational planning decisions, and the practical achievement of reasonable goals. This applies both to funds that are to be distributed and managed by state and local entities and to the funds which are to be managed directly by the federal government to support national programs. In our view the level of funding suggested in S. 2184 is not adequate. The authorization of $900 million in FY 1981 would reflect the necessary level of commitment. Adequacy of funds also means that sufficient funds be permitted for administration at every level of program implementation, including the sub-recipients as well as recipients of federal funds. We believe that the twenty percent limitation on administrative expenditures contained in S. 2036 meets this test. The lower limitations suggested in the other bills are not adequate.

Emphasis on the business sector

The Collaboration is in complete agreement with the emphasis that the current legislative proposals put on the participation of the private sector. There must be a link between employment preparation and real jobs. This link can be forged only through the active participation of employers in business and industry. I have appended to this testimony a listing of the composition of the boards of directors of our member organizations. As you will see, our boards include men and women who fit this description. This I think demonstrates the role our agencies play. When you talk about the private sector, you are in fact talking about our board members and volunteers many of whom are directly connected with business and industry. Let me now deal with certain provisions of the bills as they relate to the principles which we discussed above.

Set aside for youth

Each of the four bills under consideration has directed specific attention and emphasis toward the problems of youth employment, but in different ways and to a different degree. We believe that the nation's youth employment problem is sufficiently severe to justify a funding set-aside for youth of the magnitude proposed under S. 2036. The range provided under S. 2036, i.e., a minimum of 50 percent, and a maximum of 75 percent (to take account of severe concentrations of disadvantaged youth), will permit an appropriate focus on youth programs. H.R. 5320 also allows a fifty percent minimum expenditure for youth, but does not provide for additional funds to take care of severe situations. H.R. 5461 requires a 30 percent set-aside for youth, but since the legislation includes funding for certain labor exchange functions, in practical terms the lower set-aside may be similar to the 50 percent set-aside in S. 2036 and H.R. 5320.

Although the administration's proposal, as set forth in S. 2184 would establish a priority for youth, by restricting eligibility in the program to only two categories, out of school youth and welfare recipients, we believe the lack of a numerical standard does not provide sufficient direction.

Definition of youth

As mentioned earlier, the Collaboration believes that for legislative and programmatic purposes, the correct definition of youth is age 14 through 19. These teenage years represent the time when young people are most in need of a help in making the adjustment from school to the competitive labor market. We are pleased to note that this is the definition of youth used in H.R. 5461. Both S. 2036 and H.R. 5320 define the youth population to whom programs should be directed as being age 16 to 21, although the latter also permits the provision of limited services to 14 and 15 year olds under certain circumstances. S. 2184 the Administration bill apparently seeks to focus entirely on older youth and young adults, from age 18 through age 25. In our experience it is much more important and effective to help young people move toward productive employment when they are young, rather than wait until negative patterns are established, disaffection and alienation have become chronic, and the problem is more apt to be total withdrawal from the labor force, rather than unemployment. Nor do we believe it profitable to help only those who have left school. In fact the provisions of all four bills that would continue the Job Corps more or less intact indicate the general acceptance of the necessity to link education and training. This link is the basic premise upon which youth employment programs should be built.

Full utilization of the private voluntary sector

I have already spoken of the uniqueness of the private nonprofit voluntary sector, its close connection with the world of business and industry, and its long experience in dealing with the needs of young people. Full utilization of this valuable resource requires that the youth serving agencies be included in all phases of the development and implementation of youth employment policy and program. This means inclusion in the planning and evaluation process as well as in the operation of youth programs. We are encouraged by the language of S. 2036 which mandates participation of community based organizations (CBO's) on local Private Industry Councils, or PICs. By specifically including agencies serving youth in its definition of a CBO, S. 2036 helps to open the door to the participation of youth agencies in the planning and evaluation process. We, however, would prefer stronger language — such as members of the National Collaboration for Youth — which recognized the role of youth agencies in their own right. Furthermore, we believe that youth agencies should not only be represented on local PIC's but should also be included in the state PIC's, particularly if the state PIC is to have the right of approval or disapproval of local plans.

In this connection I would like to point out that the presence on our boards of so many business and industry representatives will continue to enhance the ability of our member agencies to help young men and women find productive unsubsidized jobs in the private profit making sector.

Local program flexibility

In general, the Collaboration supports the provisions of S. 2036, and H.R. 5320 which provide that local communities will be able to plan and operate their programs for youth with a certain degree of autonomy and a guarantee of funding. Although our member organizations are all national in scope, they represent a vast array of local organizations, each of which strives to meet the particular needs of youth within each community. It is at the local level that you will find the expertise, the knowledge, the practical experience in helping young people. Moreover, the solutions to the employment needs of youth ultimately must be local. A guaranteed pass-through of funds is essential for effective planning and efficient program operation at the local level.

National responsibilities

Although we believe that most programs are best planned and implemented at the local level, drawing on local knowledge and expertise to the fullest extent possible, we also urge that the Subcommittees fully recognize the important, indeed essential role of the federal government in assuring that youth policies and programs successfully meet national standards. Not only must the federal government establish program standards, but also it must monitor and evaluate the programs of state and local entities to assure that these standards are met.

We are not in accord with the provisions of S. 2036, and S. 2184 which appear to leave the development of performance standards for youth programs to local program administrators. In our view there is need for stronger federal direction on this point. We are in agreement however with the apparent intent of S. 2036 and H.R. 5320 to differentiate between youth and adult programs insofar as performance standards are concerned. We are particularly concerned that performance standards for youth — bearing in mind our definition of youth — include a recognition that full time employment may be the ultimate goal, but that the acquisition of employment competencies are essential first steps toward reaching this goal.

We also strongly support the provisions of the legislation that permit the federal government to carry out research, provide technical assistance and to fund demonstration and pilot projects. With two decades of experience under CETA and its predecessors, much has been learned, and of course much more can be learned. However, we do not think that the wheel needs to be invented and re-invented over and over again. Nationally run programs can permit the development of effective approaches to youths needs, approaches which can then be replicated effectively and economically on the local level. None of the present legislative proposals, with the possible exception of H.R. 5320, appears to provide sufficient funding to permit the federal government to adequately fulfill its role in this respect.

Multiplicity of needs

Again, based on our own experience in serving hundreds of thousands of young people as they attempt to make the difficult adjustment to the labor market place, our agencies have found that it is not enough to simply provide youth with skill training. Young people, particularly those who are disadvantaged need additional employment related services, services which should be provided in concert with the skill training. The legislation that is finally adopted should therefore permit the use of funds for employment related services. All the legislation proposed does include funds for supportive services. We consider employability skills such as interviewing, job search, life management, personal hygiene, motivational and other support programs that enhance self image, and basic skills tutoring essential. Necessary supportive services also include skills to assist in retaining a job such as good work habits, ability and experience in solving problems such as transportation, child care and housing, and bank account and money management. The narrow definitions of supportive services such as appear in S. 2036 and the Administration's bill should be avoided.

Labor Force Participation of Youth, 16-19 by Sex and Race
1960-1981 (percent)

	1960	1981
Males		
Age 16-17		
White	46.0	46.2
Minority	45.6	21.3
Age 18-19		
White	69.0	68.4
Minority	71.2	53.8
Females		
Age 16-17		
White	30.0	42.9
Minority	22.1	22.0
Age 18-19		
White	51.9	60.5
Minority	44.3	40.0

A lot of stories are revealed by these figures. But let me point out a few of them. Whereas nothing much changed for young white males in regard to their participation in the labor market in the past two decades, minority male teenagers simply dropped off the labor force map in record proportions. For the younger minority teenagers participation in the labor market was cut by more than half. For the older ones, by twenty-five percent. There are many reasons including discrimination for this drop-off, but we feel sure that another important reason is the lack of employability skills and supportive services among this group. Similarly for females, while young white women have generally increased their activity in the labor market since 1960, the participation of minority young women has actually decreased. Given the increasing incidence of teenage motherhood we think this decrease provides a good indication of the need for child care and other supportive services for this group. It isn't just that the disadvantaged youth are unemployed. Some are not even trying. They have been discouraged by past attempts. Supportive services — as defined above — can substantially increase the number of those trying.

Income criterion for eligibility

All of the bills under consideration set income criteria for participation in training and employment programs. We support this approach. Clearly priority must be given to low income youth. However, we are not averse to limiting the ten percent waiver to youth who have special needs, such as is provided under S. 2036 and H.R. 5320.

A percentage goal for women

As stated earlier, the Collaboration is acutely aware of the fact that disadvantage in regard to employment affects both young men and young women. A provision to require the Secretary of Labor to take steps to achieve a fair percentage of enrollment by women which reflects actual need would be an equitable approach to solving this problem.

These then are the main points of our concern. Thank you again for the opportunity to share them with you. We will of course be glad to answer any questions you may have.

Senator **Quayle**. Mr. Brown.

Mr. **Brown**. Chairman Quayle, members of the joint subcommittees, I am Larry Brown, president of the 70001 Limited, the Youth Employment Co.

Thank you for the opportunity to testify as you consider new legislation so important to the prospects for employment and hope for a generation of youth and adults.

A brief oral presentation will not do justice to the many innovative and potentially effective provisions that are included in each of the four legislative proposals.

I therefore submit a more detailed, written statement for the record which outlines 70001's specific recommendations.

Today I would like to provide you with some perspective on why 70001 has made the recommendations it has, because our positions are based on our experience. I will highlight those recommendations and close with a letter from a young person who I believe reminds us very clearly what our deliberations here are truly about.

I urge you strongly to continue your bipartisan pursuit of new legislation and to draw from all four bills the elements necessary to form new legislation, well calculated to have effective impact on those most in need.

The ingredients are clearly there. As you consider whether to eliminate the payment of wages and allowances, you will be accused of creaming. Setting up a system that will serve only the most motivated, and the most advantaged.

For 13 years 70001 has trained unemployed high school dropouts exclusively for private unsubsidized employment without the use of training allowances. Over the past 6 years we have been successful in placing over 15,000 youth, 75 percent of our enrollees.

A final research report which was financed by the Department of Labor and will soon be issued by an independent research firm, documents that 70001's approach is remarkably effective. Enrollees studied in the report are among the most disadvantaged youth in the Nation. My point is this: Youth no matter how disadvantaged can be served effectively without the use of full wage subsidies or allowances. However, 70001 agrees, as Mr. Hawkins, Mr. Quayle, and Mr. Jeffords have recognized in their bills, that it is essential we continue to make specific support services available. Furthermore, provisions for completion incentives would offer a new set of tools to help motivate and train young people.

And it is equally important that we recognize for long term training particularly when designed to develop specific skills, short-term wage subsidies may be advisable. We therefore support such provisions but do not support hour-for-hour training allowances.

70001's experience leads us to support other specific provisions in the various bills. We encourage the target of a minimum of 50 percent of the funds to youth, as Mr. Quayle proposes and the flexibility to serve 14- and 15-year-olds as included in all bills, except the administration's.

It is important to create income exceptions or set asides for high school dropouts, offenders, handicapped individuals, teenage parents, substance abusers and people with significant language barriers.

We strongly support specific performance standards and sanctions for planning agents and contractors, tempered by local labor market conditions. Sanctions for poor performance must be parallel by bonuses for exceptional results. We believe you should encourage the use of fixed price contracts. We are pleased by the recognition that most of the bills make of the need for a distinct youth and adult performance criteria. Such criteria however, should neither set expectations too low, nor discourage training to the most difficult to serve.

Incentive bonuses to contractors who serve the most disadvantaged will accomplish the latter, for both youth and adults job retention should be paramount, even to job placement.

We encourage a strong and defined role for community-based organizations in a planning design and delivery of services. We consider it both essential and logical that there be a single planning body. Furthermore, 70001's experience working with the business community convinces us of the need for local business people to have a majority role in the planning, contract selection, in performance monitoring of service delivery.

We applaud the retention of special national programs for native Americans and migrant and seasonal farmworkers, as outlined in all the proposals.

Furthermore, we encourage the continuation of a Federal level program which promotes technical assistance in model replication by national intermediary organizations.

Finally, we consider 3.9 billion as the minimum level required to make new legislation have meaningful impact. We hope you will include in that level of authorization a set-aside to provide matching funds for financial support from private sector organizations, and a provision for forward funding in 2-year cycles.

In closing, I would like to read you a letter I recently received from a young person in Springdale, Ark. He sent it when he returned 70001's annual followup survey. Although it came from a 70001 associate, as we call our enrollees, he is typical of the young people served by the organizations assembled here today.

Young Dwight Hancock might just as well have been enrolled in a program by a member organization of the National Youth Employment Coalition, the Collaboration for Youth, Organized Labor's Training Programs, OIC, the Urban League, or the many other organizations that now look to you for leadership.

The letter drove home to me a single point. Except when we must remind them for our own administrative convenience, these young people don't really know they are disadvantaged. I quote:

> Dear Mr. Brown: I would like to further comment on what 70001 has meant to me, how it has helped me. When I first dropped out of school it was because I was bored with the daily activities. I knew what I wanted out of life, and thought the way to get it was dropping out of school. I write songs and I sing. I wanted a career in music and I thought I was wasting time in school.
>
> After I dropped out, I started looking for jobs hoping to save enough money to get to Nashville. I didn't realize what an ordeal it was going to be. I spent 3 years looking for jobs and had exactly three jobs during that time, none of which lasted over a month. It was just jobs like poultry plants and factories, and I couldn't hack that kind of work.
>
> I would have graduated in 1980. Well, that year they had pictures and stories in the local newspaper about the prom and my sister, who was in the tenth grade at the time, brought home a school newspaper. I knew the editor of the paper from

> when I was in school. She had wrote a goodbye article in the paper and when I read it all kinds of emotions were set off in me. I thought of how I had robbed myself of all these wonderful memories and experiences and there was nothing I could do about it. There was 3 years of my life I have nothing to look back on.

He ends up joining a 70001 program and provides me with an update.

The update is this:

> Through 70001 I obtained a job with an upstanding company, Sears, Roebuck. I have had two raises so far; I love my work. I have enough service and I can transfer to another Sears store so I am taking my 2-week vacation to tour Nashville, Tenn. I am going down there to interview for a job at one or more of the Sears stores down there. After I move to Nashville and have a steady income, the possibilities are unlimited. Sincerely, Dwight Hancock.

Ladies and gentlemen, if we do nothing else here in these 4 days, at a minimum, it is our unalterable task to give back hope for a better future to the millions of young people like Dwight Hancock. Thank you.

[The prepared statement of Mr. Brown follows:]

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The Youth Employment Co.

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Testimony of
Larry Brown, President
70001 Ltd.
The Youth Employment Company
March 17, 1982

Before:

Senate Subcommittee on
Employment and Productivity
The Honorable Dan Quayle, Chairman

and

House Subcommittee on
Employment Opportunities
The Honorable Augustus Hawkins, Chairman

Chairman Hawkins, Chairman Quayle, Members of the Joint Subcommittee, I am Larry Brown, President of 70001, Ltd. - The Youth Employment Company. Thank you for the opportunity to testify as you consider legislation so important to the employment prospects and the hope of a generation of youth and adults.

With the consideration of four major legislative proposals before you, we who work with unemployed young people are encouraged to believe that this nation will take another step forward in giving unemployed, disadvantaged youth reason to believe that they will one day soon be employed, advantaged Americans.

As with many efforts of multiple origin, the bills proposed by Chairman Hawkins, Chairman Quayle, Mr. Jeffords and President Reagan each capture part, but not all, of what we believe to be legislation effectively moving us forward in attending to the unemployed youth of our nation. We, therefore, encourage you to draw from each proposal those provisions which offer the greatest level of service, the program mix most likely to be effective and the targets calculated to reach youth in the greatest need. A review of each bill reveals that the ingredients are all there.

There is no need to remind the Members assembled here of the staggering unemployment rates among youth, particularly among minority youth. 70001 has spent thirteen years serving a special group of youth -- unemployed high-school dropouts. The thousands of young people who have come to us are primarily age 18 or younger, from minority groups and female. Almost one-third are parents of at least one child and 7% have more than one. Over 30% are from families receiving AFDC payments and 50% from families where neither parents completed high school. 80% read below a ninth grade level and few have held any job beyond two months. These high school dropouts are the potential bedrock of a permanent underclass of people who could remain without significant work for the rest of their lives.

70001 does not believe it must be so, and by many measures we have successfully proved that these youth can improve their labor market status. In the past six years, over 75% of the young people who enrolled in a 70001 program were placed in a private, unsubsidized job. Over 15,000 youth were hired solely on the strength of their newly acquired skills, and without employer incentives. Furthermore, these youth, among the most unmotivated and least skilled, participated in training without the benefit of wages or allowances. In most cases they even continued their participation in pre-employment training, motivational activities and educational upgrading outside of normal work hours after placement. 70001's experience convinces us that young people do want to work and will participate in training without being paid allowances and employers will hire them.

With this as background, I am pleased to comment on specific provisions of the proposed legislation.

TARGETING

We commend each bill for its recognition of the importance of allocating a great portion of all resources to youth. Specifically, we endorse Mr. Quayle's provision that a minimum of 50% of the funds be directed to youth under age 22. Similarly, we commend Mr. Hawkins' and Mr. Jeffords' recognition that there is a significant number of youth age 14 and 15 who are in need of service.

70001 recognizes that a great majority of states require school attendence to age 16. However, the sad fact is that many youth under age 16 leave school early. We encourage you to provide flexibility to serve 14 and 15 year olds as Mr. Hawkins and Mr. Jeffords propose.

CLIENT ELIGIBILITY

In a time of fewer resources, targeting to specific client groups is essential. We encourage the continued definition of the economically disadvantaged as any individual having income below 70% of the Bureau of Labor Statistics' lower living standard and strongly support Mr. Jeffords' provision for all youth age 14-19 being eligible if below 100% of the BLS lower living standards. Furthermore, the income exceptions made for handicapped individuals, offenders and foster children proposed by the Administration should be retained. We also encourage you to include a similar exception for high school dropouts.

In addition, we recommend the maintenance of a 10% set aside for non-income eligible individuals which includes services to dropouts, teenage parents, substance abusers, offenders, handicapped persons and individuals with significant language barriers.

PERFORMANCE STANDARDS

Among all the proposed changes from past practice, the inclusion of performance standards is the most significant. At all levels of the system, goal oriented performance criteria have the best potential to re-establish the public stature of national employment training programs.

Setting firm performance requirements for the primary delivery agent with clear and expeditious sanctions for non-performance is essential. Too often the poor performance of a federal grantee, rather than resulting in loss of their grant or certification, results in inconsistent and chaotic directives issued to sub-grantees, which divert the sub-grantee from its program purpose, and results in too much attention to process and numbers and too little concern for quality service. Conversely, you should provide strong financial rewards for primary delivery agents which exceed performance expectations. It makes sense to invest additional funds where there is a history that they are used effectively.

In the past, a poorly performing sub-grantee has rarely been sanctioned, rarely offered help and often continued to receive grant funds for additional years with little incentive to improve service delivery to trainees. We all know and have come to accept that the strength of a local political constituency can be a determining factor in who receives and where services are delivered. While this will not, and perhaps should not, change services to clients and employers can be measurably improved if such political factors are tempered by specific performance standards.

Since its inception, 70001 has held its local affiliates to a set of national performance standards. Although always difficult to maintain and sanction, we are convinced that our reliance on program performance standards has had immeasurable impact on the quality of services delivered.

A realistic view of the economic disparities between our many communities, however, requires that performance standards be tempered by local labor market conditions, particularly when reviewing the performance of the primary delivery agent. This is crucial because, as important as performance criteria may be, they should not be used to discourage delivery of services to those most in need. Therefore, we recommend that, while general national performance standards be established, they be applied by allowing local delivery systems to document improvement of potential or actual labor market status of clients relative to the local economy. Therefore, the performance expected of a delivery agent in Austin, Texas would not be in any manner comparable to that expected of a service provider in Detroit, Michigan. Yet, both would be doing the job required in their respective cities.

At the same time, Congress should encourage organizations to serve individuals with significant economic, educational and social barriers to employment by providing a national incentive fund from which states and localities would receive bonus allocations for effective service delivery to those groups.

I also recommend that you consider an incentive to encourage contractors to respond to and use "fixed cost contracts." For example, an administrator would issue an RFP soliciting contracts to place a specific number of youth in unsubsidized jobs at a cost no greater than $2,000 per placement with specific job retention requirements. For each youth so placed, $2,000 would be paid. In addition, the administrator would maintain a pool of available funds that would pay the delivery agent an additional $2,000 for each placement exceeding the contract goal. Such a system places the performance challenge squarely on the service provider and allows the administrator to control placement costs.

DIFFERENT CRITERIA FOR YOUTH AND ADULTS

70001 supports the establishment of distinct performance criteria for youth and adult populations. We caution, however, that the lesser expectations established for youth should not result in a self-fulfilling prophecy. Young people, properly trained, can perform fully and successfully in the labor market.

We applaud the criteria for youth performance outlined in Mr. Quayle's bill, particularly his expectation that employment related competencies will be gained and that placement and retention in unsubsidized employment is achievable. Conversely, we are concerned that the educational competencies outlined by Mr. Hawkins, while advisable, will result in performance objectives that only go part way in meeting the needs of unemployed youth. Mr. Jeffords' youth preparatory program of remediation and training with its specific provisions for tiered certification of both employment and educational competencies is an excellent articulation of the objectives sought by both Mr. Hawkins and Mr. Quayle.

Finally, we direct your attention to the issue of job retention. A brief placement may well meet the criteria to be counted as a placement, but it is of little benefit to the person placed. The new law should mandate a minimum of thirty days on the job and should allow service providers the flexibility to provide follow-up services for up to twelve months after job entry, well beyond the current ninety days. Such services to trainees and employers encourage job retention, promote continued employer support even when initial placements fail, and provide intermediate support when the trainee is ready for promotion or upgrade.

WAGES AND ALLOWANCE PAYMENTS

Throughout its history, 70001 has avoided the use of wage subsidies and training allowances in the placement or training of young dropouts. We continue to advocate that position.

Our program policy has often lead to the unwillingness of many organizations to use the 70001 model in the belief that it results in "creaming" -- the delivery of services to the most motivated and most able to participate. However, independent research conducted on the 70001 model during the past three years and now nearing completion totally refutes such a notion. In fact, it is very often the case that youth who enroll in 70001 have already failed at subsidized programs or are sent to us because no one else will take them. Despite these characteristics, we have continued to succeed in training and placing these youth in unsubsidized, private employment.

However, we wish to make clear that our program policy relates specifically to the payment of direct hour-for-hour allowances solely for participation in training. We recognize the need to reduce barriers to participation and, therefore, we make extensive use of community resources for child care, transportation and medical services. Where these are unavailable we provide them on a contracted basis. Accordingly, we consider it essential to include support services for program participants in the new law.

Furthermore, we are pleased with some of the innovative provisions included in the various proposals which facilitate both placement and job retention.

Mr. Quayle's proposal to allow up to six-weeks of wage subsidy in private placements will open a wealth of job opportunities with employers who, while willing to hire, have concern about the transaction costs of initially employing high risk youth. Mr. Hawkins includes a similar provision.

We also support Mr. Jeffords' proposal for subsidized internships in long duration training, particularly since it restricts the subsidy to expanding occupations with entry level wages at least double the minimum wage. 70001 has avoided subsidized training in its own programs because rapid placement with a maximum of six weeks training has made it feasible. But we recognize, as Mr. Jeffords provides, that long duration training, particularly to develop specific skills, is impossible for disadvantaged individuals without some financial support. This is particularly true for young females with children.

The post-training incentives for successful completion of training and achievement of specified competencies as proposed by Mr. Quayle and Mr. Jeffords also open a wealth of new resources to youth employment providers wishing to motivate youth. Such "after-the-fact" incentives avoid becoming ends in themselves for trainees and they provide youth with important resources such as the ability to purchase clothes for an interview or tools for a job.

Any wage subsidy, be it public or private, whether during the school year or the summer, should be inextricably linked to training. Experience in the workplace, without supervised training, support and follow-up, rarely helps a young person internalize valuable lessons which should be carried to future employment.

Finally, new legislation should not include any provision for public service employment. Our goal should be training. Previous PSE programs have rarely resulted in training and the training elements of CETA have suffered immeasurably by association with PSE. Any attempt to re-establish

PSE should be through a separate piece of legislation clearly identified as a counter-cyclical jobs program which includes training objectives.

THE ROLE OF COMMUNITY BASED ORGANIZATIONS (CBO's)

We urge you to create a significant role for CBO's in both the administration, planning and service delivery of employment training. Although 70001 advocates a national network and model for its programs, we have always sought local CBO's as the delivery agent for our services. While models and national performance standards do promote quality service, local CBO's are in greater contact with the daily needs and problems of the people we are all seeking to serve. Grassroots organizations, neighborhood-based programs and non-traditional service delivers often have proven effectiveness beyond even the traditional community institutions.

70001 is pleased with the success that vocational schools, community colleges, universities, and other organizations have had employing our model, but we recognize and promote the vital role that CBO's play. It is a role that often goes unfilled without them.

70001, therefore, encourages you to legislate the involvement of CBO's of demonstrated effectiveness in the delivery of services.

PLANNING AND ADMINISTRATION

We applaud the great emphasis that the majority of proposals have placed on control of the planning and delivery system by individuals drawn substantially from the business community. Such involvement by the private sector in 70001's program has resulted in more appropriate design of training, better performance and greater link with available jobs.

Such a heavy investment by the American business community will require those of us seeking to deliver service to learn new methods and to respond to tougher expectations, but it can only result in improved services to our clients and a greater likelihood that they will enter the mainstream of the labor market.

The creation of a single planning body for each designated delivery area is crucial. Separate groups, even with joint planning, will result in crucial considerations remaining unattended. The role of the single planning body must be substantial. Companies should be represented by senior management members and staff employed by the planning body must recognize that they work for the membership, not the contrary.

Furthermore, we strongly suggest you adopt Mr. Jeffords' provision that the planning body be prohibited from engaging in direct service delivery. Only in that manner can their role as the monitor of performance remain unadulterated.

We cannot overstate our belief that only if we are held substantially accountable to private employers will our services be delivered in a manner most calculated to result in success. It is of equal importance, however, that to foster a fully informed deliberative process by the planning body, the membership also include members of local government, service providers and program participants.

SEPARATE NATIONAL PROGRAMS

We applaud the proposal for continuation of special national programs for Native Americans and for migrant and seasonal farm workers. Both groups represent populations which rarely are served effectively through local or even statewide programs.

Furthermore, we encourage both support and incentives for a separate national program which provides technical assistance and the replication of models through intermediary organizations such as 70001. Although clearly in 70001's vested interest, that interest is not our sole reason for promoting this type of national program.

Without support at a national level, some of the most effective service providers in the nation will not be able to continue their work. First, there is the problem that local decision makers are unwilling to fund national organizations because of the simple political expedient which requires them to spend local dollars locally. Second, even where local communities wish to deal with national organizations, the year-to-year level of support provided is highly unpredictable and not conducive to stable operation of a national organization. Mr. Jeffords' proposal to provide core support to national intermediaries which declines over-time has merit and shares the burden of demonstrating effectiveness. We also support the Administration's inclusion of discretionary money to provide technical assistance at the national level.

AUTHORIZED FUNDING

Mr. Quayle's request for $3.8 billion in funding in FY'83 is essential for even a minimum national effort to promote training of unemployed individuals. Using an absurdly optimistic (and unrealistic) presumption that every dollar spent would result in a placement and each would cost no more than $2,000 per placement, $3.8 billion would result in only 1,900,000 placements -- not a very significant figure when over 10 million Americans are out of work. It is therefore obvious that Mr. Quayle's request just gets us started.

We strongly urge you to include a set aside such as that proposed by the Administration which offers matching funds to any money contributed by the private sector. 70001 is convinced that private companies will respond. We also ask you to include a specific provision that allows a private non-profit organization to be the direct recipient of matching funds for all private dollars they raise. This has the obvious incentive of putting all of us to work engaging private companies in the training we provide.

In addition, forward funding, preferably on two-year cycles, would not only minimize chaotic planning periods, but would prevent the annual depressions in service delivery which result from delayed funding decisions. It has the additional benefit of encouraging longer term planning in a manner more commensurate with the norm in private business.

EQUITABLE SERVICES TO DROPOUTS

Finally, we request that throughout your deliberations you keep high school dropouts constantly in mind and make every effort to place a priority on service delivery to this group. They are individuals who at an early age begin to experience significant spells of unemployment. The discouragement and assault on self-esteem they face often result in them becoming the bedrock of the permanently unemployed adult population. Significantly, they are disproportionately the bearer of children at a very young age. As young parents they not only swell AFDC rolls, but are likely to have children who later emulate similar labor market behavior. The fact that fully 33% of the young people served by 70001 have dependents and 50% are from families where neither parent had completed high school is indicative of this problem.

We recognize the difficult task you have to allocate few resources among many in need. We are convinced, however, that targeted services to high school dropouts are essential to help break a self-perpetuating cycle of unemployment.

CONCLUSION

Thank you for this opportunity to appear and testify. We pledge our continued cooperation and assistance in the design and passage of this crucial legislation. Our joint intent is certainly to create new training opportunities for hundreds of thousands of unemployed Americans. But our more important task, although unstated in any specific provision, is to convey the message that there is still opportunity and there is still hope for over ten million people who want to work.

Senator **Quayle**. Thank you very much. I have two quick questions.

One, there has been some testimony from Governors and there is going to be some testimony from others that they would like to have as much flexibility as possible. My bills and others have a set-aside for youth.

What do you think would happen if, in fact, there was not that set-aside for youth in the training and employment legislation?

Mr. **Smart**. From my perspective, it is quite possible that the needs of youth could be overlooked. That's not to say it would be true in every State. But I think it's too serious an issue to leave up to chance, and so we strongly recommend the set aside.

Mr. **Brown**. Mr. Quayle, I think the Governors and certainly mayors also are very concerned with serving out of work young people. But when it comes down to a straight political expedient, young people don't vote and I think most of the money would be dedicated first to unemployed adults, with young people coming second.

I understand that political expedient, yet I think it's essential for you to move to protect the interests of those young people.

Mr. **Nochimson**. I support Mr. Brown's statement and just add that the Governors are under so much pressure from every facet of their budget now, that there really isn't a youth constituency in most States and youths always suffer, as Mr. Brown said, when they cannot voice their opinion to the vote.

Senator **Quayle**. My second question is how do you think we best go about setting performance standards for youth? Mr. Brown, you mentioned it in your testimony. Does anybody have suggestions on how we set criteria for performance standards?

Mr. **Brown**. Because we obviously focus on private and subsidized placement, we are more than willing to accept the performance criteria that looks to that private and subsidized placement, and even earnings increases.

However, I think it's realistic to expect that as many of you have addressed the need for looking at both the development of education competencies and employment competencies, is probably a realistic way to set performance standards. Now you, on the one hand, have focused on employment competencies in your bill, and Mr. Hawkins in his bill has focused on educational competencies and I think Mr. Jeffords with his tiered approach, has dealt with both, looking to the development of both sets of competencies as a way of measuring performance in youth. Without however, the one caveat I would issue. Let's not forget that once they develop those competencies, those young people can be placed and employers will hire them.

So I think my simple answer is to adopt Mr. Jefford's approach and look for both the educational and employment related competencies.

Senator **Quayle**. What kind of educational competencies are you talking about?

Mr. **Brown**. The kind of young people we deal with, 99 percent of the young people—90 percent, let me be more realistic—of the young people who walk in to us have less than a ninth grade reading level; in many cases their math and English skills are well below ninth grade. Just beginning to help them improve those kinds of specific educational competencies are essential. Young people who spend time in the street many times learn their verbal presentations from the radio and from the street corners. It's real hard to convince an employer to hire you. Improving that kind of educational competency is also employment competency, I think is the way to approach it. The rather strict basic educational skills that young people ought to have and you have a long way to go with many of these young people, but believe me, they can learn.

Senator QUAYLE. Mr. Jeffords.

Representative JEFFORDS. Thank you. First of all I would like to focus on the question of entry of young people into jobs. There was some rather severe criticism earlier this morning of any financial incentives to assist in getting young people into jobs. I would appreciate your comments as to whether or not you agree that there is no need for any financial incentives for helping to introduce young people into jobs. I would like to start in the order that the people spoke for a particular reason.

Mr. NOCHIMSON. The coalition has taken a position of not supporting stipends but favoring support services, and that includes all kinds of things that cost money, to have young people move in to be prepared to be job ready. as well as to move into training programs.

Representative JEFFORDS. Specifically, I am interested in getting employers to hire young people, as against stipends and support necessary for training. Is it of assistance or is there any need for any assistance as far as some sort of subsidy or help to get employers to hire young people.

Mr. NOCHIMSON. I defer to Mr. Brown on that.

Mr. SMART. Our position is that so long as there is classroom training, there need not be a subsidy provided for that. I do believe that that is sufficient incentive on its own. But I do think that without the classroom training, if you move toward on-the-job experience for an untrained person, then some funding for a person working on the job, acquiring work experience at that point in time, then some financial assistance would be appropriate.

Mr. Jeffords, there are transaction costs associated with hiring a disadvantaged young person. At least in the employer's mind, there are perceived transaction costs and one of the ways to deal with them is some sort of financial incentive. I would advocate first that we do everything in our training programs to help minimize those transaction costs. Let's first train them well, and second let's focus on followup the job placement by providing good support services to the employer and last, if necessary, let's provide some sort of wage subsidy to knock down that transaction cost. You've proposed wage subsidy in your bill, for specific skills occupations that have the potential for increased earnings, and Mr. Quayle has and I would put that last on the list as the method for knocking down those transaction costs, but it certainly ought to be on the list.

Representative JEFFORDS. One other thing. We all want forward funding and hopefully we are going to get it. In the event we do not, my bill provides for a 2-year planning cycle to try and assist the various jurisdictions that have different fiscal years. Would that be of benefit to have a 2-year planning cycle, hopefully with forward funding, but if not, without the forward funding?

Mr. **Nochimson**. I think it's certainly better than what we have now, and I think our coalition would support that.

Mr. **Brown**. It's certainly better than we have now. However, many of us in the business do 2-year planning. The very difficult thing is the slow turnaround on contracting, particularly for local community-based organizations, even though they may have planned well ahead—even with the prime sponsor having planned well ahead. If that money doesn't flow shortly after the beginning of the fiscal year, there are fiscal problems you would expect, and you already know about them.

Representative **Jeffords**. Thank you.

Senator **Quayle**. Thank you all very much for your very fine testimony. We will work with you as we have in the past.

The next panel, Mr. Lestina, Mr. Halverson, Mr. Ambach, Dr. Hertz, Mr. Bottoms, Ms. Powell, Mr. Parnell, Mr. Eicher.

Representative **Hawkins**. The first witness is Mr. Dale Lestina. So Mr. Lestina, we will hear from you, please.

STATEMENTS OF DALE LESTINA, LEGISLATIVE SPECIALIST, NATIONAL EDUCATION ASSOCIATION, WASHINGTON, D.C.; RICHARD HALVERSON, DEPUTY CHANCELLOR, NEW YORK CITY PUBLIC SCHOOLS, TESTIFYING ON BEHALF OF THE COUNCIL OF THE GREAT CITY SCHOOLS, WASHINGTON, D.C.; GORDON AMBACH, COMMISSIONER OF EDUCATION IN NEW YORK, TESTIFYING ON BEHALF OF THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS, WASHINGTON, D.C.; ROGER HERTZ, EXECUTIVE DIRECTOR, BURKES COUNTY INTERMEDIATE UNIT 14, PENNSYLVANIA, TESTIFYING ON BEHALF OF THE AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS, WASHINGTON, D.C.; GENE BOTTOMS, EXECUTIVE DIRECTOR, AMERICAN VOCATIONAL ASSOCIATION, ARLINGTON, VA.; PATTIE POWELL, TRUSTEE OF THE DALLAS COUNTY COMMUNITY COLLEGE DISTRICT AND MEMBER OF THE BOARD OF DIRECTORS OF THE ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES, TESTIFYING ON BEHALF OF THE ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES, WASHINGTON, D.C.; DALE PARNELL, PRESIDENT, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES, WASHINGTON, D.C.; AND M. M. EICHER, PRESIDENT, INDIANA VOCATIONAL TECHNICAL COLLEGE, INDIANAPOLIS, IND.

Mr. **Lestina**. Thank you, Mr. Chairman. I submit our written testimony for the National Education Association for the record and will briefly highlight those points of concern as we see them.

First of all, the NEA very much wishes to commend you, Chairman Hawkins, Senator Quayle, and your cosponsors and Congressman Jeffords, for your foresight regarding the unemployment and training in these trying fiscal times. And we very much look forward to working with you.

All of those who have testified, and I know that you do too, agree that we have vast and serious unemployment problems in this Nation. That, coupled with moving from a society based on industrial products to one based more on technical and informational based type of society, provides us with fewer industrial assembly line jobs and more technical informational type jobs that require a higher level of basic skill achievement.

And it is to that end that I would like to concentrate the remainder of my remarks on the youth employment portion. The NEA joins with the total education community in wanting to be full partners in an effective Federal program designed to resolve this Nation's youth unemployment problems. We therefore urge that as these four bills progress through the legislative process, and are amalgamated into one, that a strong component be included which insures such a full partnership with the educational community for the purpose of effectively getting at our youth employment problem.

Such a program must be adequately funded. And I cannot emphasize that too much. With the Federal dollars being moved to the local program level for local program delivery, we envision a basic education program developed at the local level tied to the local areas job needs and job interests of the unemployed youth.

Funded with State education agency review and comment unless the local plan violates State and Federal law, those dollars then should flow forward to the local level where the action is and the program is delivered.

We also request the teacher organization should be represented on the State and local planning councils. In that the type of program we envision would provide an opportunity for the school systems to be able to deliver the basic and remedial education portion of the legislation. We also respectfully request that the standard for the educational personnel teaching the basic remedial education courses be equivalent to the State certification that is required for local public school teachers in that particular area to insure quality instruction.

Where local employment contracts exist, we request that they be recognized and cooperated with in the local plan to eliminate circumvention of same.

Funding cycles which Congressman Jeffords spoke to earlier for the last panel, we strongly recognize be synchronized with education funding, we strongly request forward funding and we think that, Congressman Jeffords, your bill addresses that very nicely.

Evaluation of the type of program that we are talking about. This brings to mind standardized testing which with Congressman Weiss we cooperated in attempting to deal with Federal legislation on that particular issue. We feel that any type of evaluation should be selected or developed at the local level and if standardized testing is picked, so be it, but that the Federal legislation should not require same. Let it be evolved and selected at the local level.

Finally, the concept of individualized employment plans or individualized education plans, IEP's, belong with that concept so there is a considerable amount of time and a considerable amount of paperwork. If such a concept is included, we request and recommend that their size of the participant group of students should be small enough to be manageable so that the IEP's can be used to their full advantage.

In conclusion, the NEA stands ready to cooperate and assist in the rapid attainment—and I stress the word rapid—attainment of a sound, workable, Federal employment and training act through the legislation process that is before us. Thank you, Mr. Chairman.

Representative HAWKINS. Thank you, Mr. Lestina.

[The prepared statement of Mr. Lestina follows:]

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STATEMENT OF

THE NATIONAL EDUCATION ASSOCIATION

BEFORE THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

AND THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

PRESENTED BY

DALE LESTINA
LEGISLATIVE SPECIALIST

MARCH 17, 1982

I am Dale Lestina, Legislative Specialist with the National Education Association. The Association represents 1.7 million public school teachers who serve in-school youth in urban, suburban, and rural areas. I appreciate the opportunity to present the Association's views and commend this body for its commitment to the development of basic academic skills to enhance the employability of our nation's youth.

One of the major problems emanting from our troubled economy is unemployment -- the joblessness of 8.8% of white Americans and 17.3% of black Americans. Youth unemployment has reached its highest level since the Great Depression -- 22.3% among white youth and 42.3% among black youth. While the Department of Labor projects an increase of 17-26 million jobs during 1980-1990, the market will produce great changes in the kinds of jobs available to young people.

Unemployed youth, those both in-and out-of-school, will find that three-quarters of the jobs available are white collar, technical service positions. The product of an industrial economy is a consumable object; the product of a service economy is a written report. Service and technical employment is determined by one's ability to read, write, and calculate. This fact brings us face-to-face with the reality that many of our nation's youth are inadequately prepared to meet the challenges of this new job market. Largely, their inadequacies stem from the fact that they have not mastered basic academic skills -- proficiency in reading and comprehension, the ability to clearly project their thoughts on paper, and an aptitude in mathematics. These deficiencies must be eliminated in order to prepare youth for the marketplace.

The NEA wants the education community to be a full partner in an effective federal employment training program designed to resolve our nation's youth unemployment problems. We therefore urge that a strong education component be included in this legislation. Up front we wish to stress that the whole program must be adequately funded for it to produce the desired results. For if there are not the necessary funds provided we will only raise hopes later to be dashed to dust - a very cruel hoax indeed! Further it is extremely vital that the federal funds get to where the action is at the local level for actual program delivery.

While the public schools are charged with providing an adequate and equal educational experience for our young people, very often other factors determine whether or not they sustain any learning from the experience. Neverthless, it is crucial to the employment futures of young people both in-and out-of-school that they be provided an additional opportunity to acquire remedial basic academic skills.

Young people will learn if the basic academic skills are taught through materials directly related to their job interests. An education program designed to provide basic academic skills should be developed and administered via the local public schools. Junior and senior high school dropouts participating in the program should have an opportunity to attend classes provided through the local public schools which are designed to meet their needs. Teaching methods and materials should be tied to a youth's job aspirations.

It is imperative that junior and senior high school aged youth, those in- and out-of-school, be trained in basic, transferable job skills such as reading, writing, speaking, computation, and job habits. Without these basic, transferable skills young people will continue to experience difficulty adapting to the variety of job opportunities that will confront them during their working lives. It is only by addressing the rudimentary cause and effect of joblessness among young people that we can expect to impact its by-products -- unemployment compensation, welfare, and crime control. We must eradicate once and for all the human source of structural unemployment -- individuals, young people, particularly those who do not possess the basic academic skills that will enable them to obtain, hold, and progress in the work force as we move toward a more technical and informational society. A proposal must be developed which seeks to increase the future employability of young people through a carefully structured combination of education, training, work experience, and other supplementary services which include counseling and career guidance.

The National Education Association is wholly supportive of a youth employment program that promotes the increased employability of school-age young people through the development of basic academic and vocational skills training. I'd like now to share some of the Association's concerns regarding specific aspects of the youth employment program.

Review of Local Employment and Training Plans

The Association believes it is important that local education agencies together with other local elected officials and employers design and implement the basic academic skills program. Local officials, teachers and industrial and union representatives are better able to determine the needs of program participants because they are actively involved on a daily basis. The role of state agencies and state boards, where applicable, should be limited to consultation, review, and comment, only. These bodies should not be charged with approval of the locally developed plan.

Employment Personnel Standards

We believe the standard for education personnel, those hired to teach basic academic skills, must be equivalent to the state certification requirements of local public school teachers. This standard for certification should be specified in the local employment plan.

Education Personnel Salaries

Education personnel teaching basic academic skills training in the employment programs should be salaried at a rate at least comparable to that of public school teachers. The local employment plan should stipulate this provision.

Local Collective Bargaining Agreements

The Association firmly believes that where a local collective bargaining agreement is in place, the terms of that agreement must be honored by the local employment program. Specifically, if the local collective bargaining agreement addresses issues of class size, hours, wages, and working conditions, the terms of that agreement should be recognized in the local employment program.

Teacher Organization Representation on State and Local Planning Councils

The Association believes that a statutory mandate should be incorporated in the employment legislation which provides that a representative of the local teacher bargaining organization be included on the local employment planning council. In order to promote mutual cooperation and ensure the success of the program, it is necessary that a representative of the teacher bargaining organization be available to share the concerns, insights, and expertise of teachers who should be the major implementers of the education program associated with the legislation.

Youth Employment Program Funding

The Association believes it is of paramount importance that the funding cycle of the basic skills program be synchronized with the public education funding cycle, i.e., forward funded. In order to promote maximum efficiency in administering the basic academic skills program, it is essential that the funding cycle run parallel to that of the public schools.

Evaluation

The Association is opposed to the imposition of a national, regional, or state-wide standardized test for program participants. Rather, we are of the opinion that evaluative tests should be developed and/or selected at the local level. This stipulation should be incorporated in the local plan.

Individualized Employment Plans

If the concept of Individualized Employment Plans (IEPs) is adopted in the final legislation, class sizes should be small enough to accomodate their development and use. The size of each basic academic skills development program must be small enough to make IEPs manageable. This stipulation should be incorporated in the local plan.

Conclusion

The National Education Association believes our nation's youth are worthy of more than society's lip service to their needs, goals, and aspirations. Young minds require as much nurturing and development as young bodies. Youth who were unable or unwilling to make the most of their potential early on are no less worthy of a second chance than those who were not provided an equal opportunity in the "primaries" of their race on life. Society has a vested interest in the development of our youth because each time a young person stops short of reaching his or her maximum potential, society shares in that failure in one way or another. I believe the crux of these hearings -- the single thread that runs throughout -- is that many of our nation's youth are in dire need of a second chance. I believe that is the impetus of these hearings. Today, we have discussed various ways of providing young people a second chance to stretch their minds and abilities in a way they may once have thought unimportant.

The National Education Association will zealously assist this body in promoting the development of our nation's youth by securing the well-being of their employment futures.

Representative **Hawkins**. Mr. Halverson.

Mr. **Halverson**. Thank you, Mr. Chairman.

My name is Richard Halverson and I am deputy chancellor of the New York City public school system. It gives me great pleasure to appear before this joint hearing representing the council of great city schools, a unique organization representing the largest school systems in the United States comprised of the superintendent of schools and a board member from each of those districts.

The council's membership serves nearly 5 million inner-city children of whom 30 percent live in families below the poverty line and 75 percent are minorities.

I would like to paraphrase and highlight our prepared testimony so that we can bring home to you some of the major kinds of concerns that not only New York City, but other major cities across the country have. In New York City, as you know, the unemployment rate for youth is at record levels and a particular strategy is being devised by Mr. Koch to try to address that problem as well as the devastating impact of Federal budget cuts in a variety of social service areas.

The mayor has named an 18-member task force on youth, the purpose of which is to examine and coordinate the services to children and adolescents among the various agencies in New York City. Interestingly, Frank Macchiarola, the chancellor of the school system, is the chairman of that task force which includes many other agencies such as the department of employment, the human resources administration, and the department of cultural affairs.

I mention this to you because it makes the point that I think all of the large cities would like to make and that is that the answer to the problem of youth unemployment is in so many human services areas now appear to be coordination. Not only coordination among the variety of public sector agencies, but coordination and working together between private enterprise and the public agencies.

When Mayor Koch testified before the House Employment Opportunities Subcommittee on March 8, he emphasized that kind of coordination in youth employment, which has been effective in the city.

I'll give you some examples. In New York City, since 1978, over 9,000 students have been served in school CETA title IV-A programs conducted under the prime sponsorship of the city's department of employment. Of the 9,000 students, 10 percent have been special education youth. The positive termination rate for those programs was 80 percent. Ten percentage points higher than the overall experience of the city.

This past year 2,000 students were served in programs combining academic training and work experience. Attendance for classroom work and job training has been better than 90 percent within this population.

The experience that we have had in New York City has been carried out in other major cities as well. In Los Angeles, the youth opportunities unlimited program, joint between the schools and the chamber of commerce, has placed over 9,000 young people in private sector summer jobs in recent years.

In Baltimore, evaluations indicate that 80 percent of all participants in YETP programs, jointly planned by the mayor and the school system, increased their functional literacy scores by at least two grade levels in 18 months.

Boston found that its YETP programs increased school attendance for target youth from 40 percent to 90 percent.

The valuations of these programs and other research nationwide, and that research has been summarized by the council and the summary report is available to you, indicate that three factors account for the positive nature of these youth employment efforts. Basic skills education, local coordinations with mayors and business and local flexibility in program design.

There are a number of areas of specific recommendations that we think are particularly crucial. First of all, we feel that it is essential drawing on this experience that the programs be locally based. That there be joint locally based planning involved all of the sectors of the providing community, as well as the larger community and that maximum flexibility be allowed to this local planning process so that programs tailored for particular communities can be developed. As a portion of that locally based emphasis, we would recommend that 91 percent of all moneys received by the State flow to local service areas via a nationally prescribed formula based on high concentration of unemployed and low-income residents.

It is working in New York City. The partnership representing the business community, the PIC, the city and we are managing to plan together in a variety of areas. We think the Federal legislation should reflect that locally based concept.

Second, we feel that the legislation should provide for the direct involvement of the schools as partners, as well as other public and private sector agencies as partners. We feel if what is required and mandated as a process, a process which brings people together, to discuss and plan and implement programs in their communities, the major objective will be achieved; that is, we have tried to meet before through percentages and set-asides that have not necessarily been the most effective way although a partially effective way in bringing about that cooperation.

The council also recommends that in the legislation as it is derived, that it be avoided that any particular segment, public, private, school, community-based organization, be required to contribute any particular percentage of funding to the eventual plan. Again, the kind of national mandates on percentages of funding from other sources also limits flexibility.

The council also recommends that the legislation put priority on the spending of youth moneys for basic skills and remedial education—preemployment skills, entry employment services, and school to work transition. It is very clear that we are looking at this in New York City. This is a problem of young people growing up so that they can responsibly enter the job market.

And it is a problem that needs to be addressed early on both through academic courses, through support services, and through introduction into jobs. And we feel that that emphasis on the early stages of addressing the youth unemployment problem is essential. Thank you very much.

[The prepared statement of Mr. Halverson follows:]

Testimony on behalf of the Council of the Great City Schools on Proposed Employment Legislation

Presented by Richard Halverson, Deputy Chancellor of the New York City Schools

My name is Richard Halverson and I am Deputy Chancellor of the New York City Schools. It gives me great pleasure to appear before this joint hearing on behalf of the Council of the Great City Schools.

The Council of the Great City Schools is an organization comprised of the nation's largest urban school systems. On its Board sit the Superintendent and one Board of Education Member from each district, making the Council the only national organization so constituted and the only education coalition whose membership is solely urban. The Council's membership serves nearly 5 million inner-city young people, 30% of whom live in families below the poverty line and 75% of whom are minorities.

In this testimony I would like to share with you the Council's recommendations to the House and Senate as you consider new employment legislation and to share with you our specific experiences in New York City.

The unemployment rate in New York City is now at record levels and the percentage of unemployed youth is well in excess of 50% in some areas. To address this problem and to counter the debilitating effects of Federal budget cuts, Mayor Koch has named an 18-member Task Force for Youth. The purpose of this group is to examine and coordinate the delivery of services to children and adolescents in New York City. Dr. Frank Macchiarola, Chancellor of the New York City Public Schools, will serve as Chairman of the Task Force, whose other members will include the Commissioners of the Department of Employment, the Community Development Agency, the Human Resources Administration, the Department of Cultural Affairs, and others.

This coordinated approach to the delivery of services underlies the major theme of our recommendations: private enterprise and public agencies, especially the schools, must continue to work together locally to alleviate the problems of adult and youth unemployment in our cities.

Mayor Koch, in testimony before the House Employment Opportunities Subcommittee on March 8, emphasized that coordination between the schools and youth employment efforts have worked well in New York City, as they have in other cities throughout the country. Those positive linkages should be encouraged in any future legislation.

Since 1978 the city schools have been coordinating their youth employment efforts with the Mayors and other municipal agencies through the Youth Employment Training Programs authorized under CETA (Title IV-A). During that time the New York City Schools have served over 9,000 students, 10% of whom have been special education youth. The 1981 in-school YETP positive termination rate was 80%, ten percentage points higher than the city's overall rate of 70%.

This past year, over 2,000 students were served and received a combination of academic and work experience. Some 1500 students received academic credit for work experience. Attendance for class-room work and on the job training has been better than 90%. For the majority of these youth, the employment they gained via YETP was their first meaningful work experience.

Furthermore, the New York City Department of Employment's evaluation of the Board of Education's Summer Youth Employment and Training Program concluded, "This agency displayed a strong commitment to the youth of New York City and could well be used as a role model for other agencies both in its concern for the participants and in its ability to perform in such a commendable manner".

The positive reports on the programs in the New York City Schools are echoed in findings throughout the nation. In Baltimore, for instance, evaluations indicate that 80% of all participants in a YETP program, jointly planned by the Mayor and the school system, increased their functional literacy scores by at least two grade levels in three trimesters. Boston found that its YETP program increased school attandance for target youth from 40% to 90%. The Chicago schools have found that youngsters being placed in work-experience slots in the private sector are being offered college tuitions by some employers. In fact, the Chicago schools place 74% of their participants in private-sector jobs in the summers.

In Los Angeles' "Youth Opportunities Unlimited" program, the schools and the Chamber of Commerce have placed over 9000 young people in private sector summer jobs in recent years.

The evaluations of these programs and other research nationwide indicate that three factors account for the positive nature of these youth employment efforts: basic skills education, local coordination with the Mayors and business, and local flexibility in program design. In the area of basic education, the research continues to show that jobs come harder for those who either dropped out of school or have not developed adequate skills. The chances of a dropout being unemployed is about 25% and increases to 33% if one has just left school.

While the degree of coordination has varied widely, our cities report that their most effective and comprehensive programs were those that had been designed with help from the private sector. The old CETA legislation made that coordination difficult at times, however, because business was not a full partner in program planning. The Council applauds the effort of Congress to ground this new employment effort in the private sector.

One area of coordination under CETA that was effective was the coordination mandated between the Mayors and the schools. It was this sense of cooperation between the two units that provided the great promise for fighting youth joblessness. We would like to urge that this same type of coordination among the Mayors, the schools, the private sector, and other interested groups be emphasized strongly in the new bills.

Finally, we would like to see the new programs retain the flexibility in program-design that was allowed under YETP. Our experience with youth programs throughout the nation indicated that decentralized program planning elicited efforts more finely-tuned to local needs. We would recommend that this flexibility be continued with a program emphasis that is largely local in focus.

While much of CETA has been roundly criticized over the last several years, the youth portion provided many successes and numerous lessons for the new law. The Youth Employment and Training segment of that legislation did not fail; its scope was never large enough however, to permanently decrease youth unemployment, which is fairly insensitive to swings in the national economy anyway. And as willing as the business community is to help, the problem is too large for one entity alone to solve. It is only with all concerned parties in the cities cooperating with one another that this problem can be alleviated.

The schools are a logical focal point for any comprehensive service to young people in the urban areas. We fully recognize the need to improve students' basic skills, job skills and career experience. It is the primary goal of the schools to provide our youth with opportunities that will produce the necessary skills to keep them in school, make them employable and prepare them for future training.

We have proven that we are able to work successfully with other agencies and with the private sector. To exclude the schools from an integral involvement in federal employment and training programs would be to waste experience, expertise and resources. At a minimum, any legislation that is enacted should include the schools as a full partner in the cooperative effort to improve the long range employability of our citizenry.

The Council would like to make the following recommendations for any new employment legislation:

A. Authorization

1. The Council recommends that the employment and training legislation be made permanent (as in H.R. 5461, H.R. 5320, and S. 2036).
2. The Council recommends that the new legislation be authorized at $5.0b in FY83 and such sums as may be necessary thereafter (as in H.R. 5320).

B. Allocation of Funds

3. The Council recommends that 83% of all appropriated funds be sent to states in FY83 and every year thereafter (similar to H.R. 5320).
4. The Council recommends that 91% of all monies received by the state flow to local service areas (as in S. 2036) via a nationally-prescribed formula based on high concentrations of unemployed and low-income residents.
5. The Council recommends that up to 10% of monies going to local areas be reserved for administration and management (as in H.R. 5461) and up to 5% for evaluation.
6. The Council recommends that bonuses be provided to service areas which demonstrate their ability to coordinate, plan, and implement services (similar to H.R. 5320) and to program areas that exceed performance criteria (as in S. 2036 or H.R. 5461).
7. The Council recommends that all program components be forward-funded, with CETA to expire in October 1983 (as in H.R. 5461).

C. Eligibility for Services

8. The Council recommends that eligibility for services be restricted to members of families with incomes of no more than 70% of the lower living standard (as in H.R. 5461, H.R. 5320, and S. 2036), with a 10% variation for

individuals not meeting that standard (as in H.R. 5320 and S. 2036).

D. Eligibility for Services

9. The Council recommends that new legislation retain the current system defining an eligible service area according to criteria established for a "prime sponsor" (as in H.R. 5320), but make the minimum size 200,000 residents (as in H.R. 5461).

E. Program Planning

10. The Council recommends that the development of a local plan be overseen, coordinated, and monitored by a local council whose membership is comprised of a majority of representatives of the business community (as in H.R. 5320, H.R. 5461, and S. 2036), but retain administration with local elected officials.

11. The Council recommends that the local planning council be appointed by local elected officials and that it include slots for the local public school system (to be appointed by the leadership of those systems) and for representatives of the local teacher organizations.

12. The Council recommends that funding for any service area be made contingent by state on the submission of a joint and cooperative plan demonstrating participation in service delivery by the local unit of general government, the public school system, community-based organization, and the private sector.

13. The Council recommends that flexibility be allowed for each of the four main service deliverers (i.e. general government, public school system, private sector, and CBOs) in the development of its portion of the plan, and that no specific set-asides be mandated in the spending of any one sector.

14. The Council recommends that priority in the local joint plan be given to municipal, public school, community-based, and private sector projects of demonstrated effectiveness in previous years (similar to S. 2036).

F. Use of Funds

15. The Council recommends that at least 50% of the local funds be used for services to youth (as in S. 2036 and H.R. 5320).

16. The Council recommends that the legislation put priority on the spending of youth monies for basic skills and remedial education, pre-employment skills training, entry employment services, and school-to-work transition services (similar to H.R. 5461) through either a set-aside or mandated cooperation.

17. The Council recommends that youth be defined as starting at age 14 (as in H.R. 5461).

18. The Council recommends that standards for personnel who deliver basic skills, remedial education, and other general education services be equivalent to state certification requirements for local public school teachers.

19. The Council recommends that sufficient flexibility in the program be allowed to fund summer youth projects.

20. The Council recommends that subsidized public and private non-profit temporary employment for adults be allowed (as in H.R. 5320).

21. The Council recommends that regular work-experience or OJT be allowed for in-school participants and that funds for subsistence stipends (as in H.R. 5461) or supportive supportive services (as in S. 2036) be permitted.

22. The Council recommends that funds be permitted to pay wages for a period of up to 8 weeks for a youth participant in private-sector job slots (similar to S. 2036 and H.R. 5320).

G. Performance Standards

23. The Council recommends that the local plan specify the manner in which its projects will be evaluated on specified criteria, but that no national or state-assigned measurements be determined (as in S. 2036).

Representative HAWKINS. Thank you.

The Chair would yield to Senator Quayle at this point.

Senator QUAYLE. Thank you very much, Mr. Chairman. I apologize for interrupting at this point, but I am not going to be able to stay for all the testimony because I have to return to the Senate.

I have reviewed the witnesses' testimony on the education system and everyone emphasizes that it should play a larger role with the training programs, but there seems to be a disagreement as to which educational components ought to be listed.

My question would be, during the question and answer period, and those who want to can respond, otherwise you could submit it for the record: Is there any way that we can get an agreement in the education community on how education and training programs ought to be related?

That is just a general question on whether, in fact, we can get the educational community together as a whole to come up with a specific recommendation on how education can be interrelated to the training programs.

Mr. LESTINA. Are you asking for a response now?

Senator QUAYLE. Well, I don't want to interrupt, because I think they want to go on, but I would hope that during the question and answer period that those of you who do have a response could direct yourselves to that very fundamental question, and I will be more than interested. Staff is here and we will follow up on it.

I think it is a fundamental question that we have to ask ourselves, and if we could get some sort of consensus in the education community, I can tell you it would help me out a lot.

Representative HAWKINS. During the questioning, the Chair will ask the question again for a response, so that we will not interrupt the presentations as they are now being given.

Senator QUAYLE. Thank you, Mr. Chairman.

Representative HAWKINS. Thank you, Senator.

The next witness is Mr. Ambach, commissioner of education for the State of New York.

Mr. AMBACH. Thank you very much, Mr. Chairman.

The Senator's question that has just been posed is, in my judgment, the pivotal question that is before you and I hope that in my comments, which are made on behalf of the council of chief state school officers, I can address that; if not, perhaps come back to it for questions at a later time.

I am commissioner of education for the State of New York, but today I am testifying on behalf of the council of chiefs of all of the States.

We care very deeply about this issue. We believe that, perhaps, the most important educational issue today is the matter of education of youth toward employment, and it certainly is the most difficult issue with which we must be dealing. It has to be viewed in an overall context of economic development, of job policy, and indeed, what we need to be addressing here is connections among these different issues.

There is a great focus in all of the bills that have been presented on the matter of education and training. As the Senator has just pointed out, the pivotal issue is just how to do that. How do you do it in the most efficient or the most effective way?

I would like to make just four points on that issue. The first point is that as we look toward the job market for the future, it is clear that we will have greater and greater requirements for higher levels of education and training in order to be in that employment market. It is also clear that the skills that are necessary are the foundation or the general education skills. They are in basic computation, in composition, in writing, and in reading comprehension.

Those are going to be the foundation skills more and more toward advanced levels of employment. Those are the skills, of course, primarily to be provided through educational institutions.

The second point is that we have to keep in mind that most training for employment, whether it be professional, paraprofessional or whatever level, in fact, does now occur in this country through educational institutions. I am not zeroing in here specifically at the highest risk population, but most of the training for employment, of course, takes place there.

The big question that has been raised is whether the educational institutions are failing with these youths who are most at risk. I would point out that in interventions that have been made up to this point by the Congress, one of the most important has been in dealing with children who are at high risk under title I, or now the chapter I program, where an identification has been made in the past that there is a special service needed; then, in fact, you provided it. You did it in title I, and, in fact, that is one of the most effective Federal programs that, I think, can be found across the whole spectrum of Federal programs. The results are legion with respect to success.

So when we are thinking about how to provide the education and training services for youth at risk, let us think also about what could be done, what has been done, in a program like title I.

On the point of how best to organize the resources and get the most efficient means of providing education and training, I would recommend that the means is not to provide a specific percentage set-aside for this purpose and not to leave it to chance but, rather, to provide a specific procedure through which either the prime sponsors or whatever the key local agency is to be from among the several bills, because I am addressing them all, to have a procedure through which first and foremost, for those components which are education and training, that agency is to turn to the educational institutions, approach them, for purposes of proposals, those proposals to be weighed off against a cost effectiveness measure and indeed a second measure, which is the promise that that program has with respect to the career opportunity for the participant.

We are not talking about just entry level. We have to be thinking about what happens on the next step and the next step after that, and thereby linking what is that initial program within the CETA or the following or successor programs.

So you use, I think, those two key criteria with respect to making a determination. If, in fact, the determination by that local agency is that the educational institutions can't meet the competition on those points, then, indeed, they ought to go elsewhere. We have got to be able to meet that competition.

So I would suggest that as you are taking the four different bills, as you are trying to work them together toward the way in which we can most effectively use the educational institutions for what they can do best, look to them in competition, but look to them first to provide those education and training components, and only turn to other providers, in combination perhaps with the educational institutions, if they can't handle them.

We have, Mr. Chairman, provided for you a detailed backup to my testimony which would translate these general concepts into specific changes in the statutes, and we have done it for each of them so that one could see it within the context of each of the separate bills.

We, of course, do stand ready to assist in any way that we can to guide or to help in the judgments, assuming that the basic or fundamental determination that you make is that there must be a very key role in your final legislation in using the resources which we have in education in this country.

Thank you very kindly.

[The prepared statement of Mr. Ambach follows:]

President
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Executive Director
WILLIAM F. PIERCE

Statement of

Gordon M. Ambach

Commissioner of Education

State of New York

before the

Subcommittee on Employment & Productivity

Committee on Labor and Human Resources

United States Senate

and the

Subcommittee on Employment Opportunities

Committee on Education and Labor

U.S. House of Representatives

March 17, 1982

COUNCIL OF CHIEF STATE SCHOOL OFFICERS
379 Hall of the States, 400 North Capitol Street, N.W., Washington, D.C. 20001 • 202/624-7702

COUNCIL OF CHIEF STATE SCHOOL OFFICERS
STATEMENT ON YOUTH EMPLOYMENT LEGISLATION
WEDNESDAY, MARCH 17, 1982

I. INTRODUCTION

Mr. Chairman, and members of both subcommittees: I am Gordon Ambach, New York Commissioner of Education. I am here today representing the Council of Chief State School Officers.

The Council is an independent organization of the state superintendents and commissioners of education in the fifty states, six extra-state jurisdictions, and the District of Columbia. Members of the Council are the principal public officials responsible for elementary and secondary education systems in their states, and in a few instances, such as my own, for state systems of higher education, as well.

The Council has long had an interest in youth unemployment, which our members view as possibly the most serious social problem facing the United States today. In November 1979, and in November 1981, the Council adopted policy statements reaffirming our commitment to the responsibility of the education system to help young people become employable and supporting a federal role in that effort. Please note that I speak of the responsibility of the education system: members of the Council are committed to the notion that the schools and colleges of this country have a vital role to play in helping prepare young people for employment. This role is not limited to what we might call "traditional vocational education," or the provision of specific occupational skills training. Rather, it extends to the provision of effective basic skills remediation and training for those who have not developed the competencies needed in the workplace, to the development of employability skills, and to the provision of work experience and occupational skills training.

The bills now before you represent a strong and determined effort to define a realistic federal role in support of the national effort to help youth and adults gain the skills needed for employment. My comments this morning will address points common to all of the bills now before you--S. 2036 (Senators Quayle, Kennedy, Pell, and Hawkins), H.R. 5320 (Rep. Hawkins), and H.R. 5461 (Rep. Jeffords). These bills have several points in common, the most important of which is that they focus the federal effort on training and education for employment, rather than on income maintenance or countercyclical public service employment or other devices common in the past. While we are very concerned that jobs be made available for those who complete training programs of any sort, the Council applauds the new focus on training, and I am here this morning to suggest ways to enhance it.

II. MAJOR ISSUES IN YOUTH EMPLOYMENT

The Council identified its view of the major issues in the youth employment field and how they might best be dealt with in its policy statement, Youth Education and Employment, copies of which have previously been shared with you and which are attached to this statement. The major points and recommendations of that statement can be summarized in four major areas: job availability, education and training, transition and support services, and the federal role.

JOB AVAILABILITY: Employment preparation works best when jobs are available and employer needs are carefully considered. In order to help assure that jobs will be available to young people who complete programs of the sort we are discussing today, the Council recommends that federal policy: (1) promote economic growth and special efforts to create jobs for at-risk youth; (2) provide tax incentives to employers to enhance the openings available to at-risk youth; (3) improve labor market information; (4) customize training programs to meet labor market needs; (5) help the private sector to understand its responsibility to be involved in developing and conducting training programs and in providing opportunities for youth; and (6) create jobs in the public sector where necessary.

EDUCATION AND TRAINING: The truly employable person possesses basic educational and occupation-specific skills, knows how to gain access to the job market, and knows how to succeed on the job. In order to help all young people gain these skills, the Council recommends that any new program: (1) develop individual Employability Development Plans (EDPs) for those at-risk youth requiring them--EDPs should serve to identify individual needs and as tools for planning, undertaking, and monitoring activities to meet such needs; (2) attend to "employability skills"--proper attitude, career awareness and exploration, work experience, and the like--to complement basic skills and occupation-specific training; (3) gear occupation-specific training to labor market needs and expectations; (4) increase flexibility in funding and governance to foster cooperation among service providers; and (5) target federally-financed efforts on those young people most "at risk" in terms of their chances for success in the job market.

TRANSITION AND SUPPORT SERVICES: Some at-risk youth require special assistance in making the transition from school to work. For such youth, the Council recommends that any new legislation require that local program operators: (1) develop school-based programs to place at-risk youth in jobs and to follow up in cooperation with public and private employment agencies, as appropriate; (2) develop better linkages between federally-supported employment and training activities and other programs which can assist youth to develop skills and to become employed; and (3) develop better coordination between school and community support services.

THE FEDERAL ROLE: Federal legislation relating to education and work is fragmented, and coordination among federal programs is often poor. In some cases, regulations pursuant to one law inhibit coordination with programs under other laws. Federal employment and training legislation must be modified to better complement education, welfare, unemployment insurance, and job service legislation and regulation. With respect to this last point, Mr. Chairman, the Council believes that each of the three bills before us makes an effort to ensure coordination among federal programs which have similar goals. We remain concerned, however, about the extent to which the bills provide for coordination between any new program and existing programs of education and training.

III. MAJOR COUNCIL POINTS

Given these general premises and positions, the Council believes five basic points must be kept in mind in the development and implementation of federal legislation which will provide aid to help young people become more employable:

1. As the economy of the United States continues to evolve toward a concentration on high technology and information-intensive employment, general educaton skills will continue to be of paramount importance to those wishing to obtain and hold jobs. Indeed, the most appropriate skill training for most high technology jobs _is_ general education--reading, writing, and computation skills.

2. Currently, the major provider of both general education skills and specific occupational training is the education system--the schools and colleges of the United States. For the vast majority of students, this system performs efficiently and cost effectively, helping students achieve the skills necessary to realize their personal career goals.

3. The education system of the United States is really a collection of systems, both state and local, which is managed principally by elected officials--state and local school boards--and those directly accountable to them. It is important, therefore, for the federal government to recognize and respect this system of governance, which is accountable to the public in a very immediate and responsible fashion.

4. A significant question which must be considered in dealing with the legislation before you is which service provider can do the most effective job in helping young people, most of them from economically disadvantaged backgrounds, learn the skills necessary to obtain and retain jobs. The longterm and significant success of the ESEA Title I (now ECIA chapter I) program has proven that the education systems of the United States, with modest additional resources provided by the federal government, can provide services which will help young people to succeed who might not otherwise have done so.

5. Congress now has an opportunity to indicate its intent to take advantage of the resources which the education systems of this country can provide. The Council is not appearing before you today requesting a specific earmark or setaside of funds for education programs from funds which may become available under these bills. However, we would strongly suggest that any project which incorporates a substantial education component should be contracted for following these procedures: the local agency (prime sponsor, private industry council, or labor market area advisory board) must solicit proposals from appropriate education agencies, and that such agencies shall be the service providers of choice for such projects. We would define "substantial educational component" to include basic academic skills, employability skills, occupational training for youth, and other programs schools and colleges normally provide. A different service provider could be employed given two conditions: one, if it can clearly be shown that the program such a provider would offer is more cost-effective than an education agency program; and two, if it can be shown that the alternative will enhance participants' life chances or opportunities for continued career growth and successful employment experience beyond the level expected to be achieved through the equivalent education agency program. All of this is to say, Mr. Chairman, that the Council believes that we must build into the law provisions which will assure that the presumptive providers of key educational services will be those who now provide them--education agencies. I believe that the schools and colleges of this country are willing to see the services they provide compete fairly for resources. However, the Council believes that it is important and necessary to avoid the creation of dual education systems through the legislation before you, and that adoption of provisions of the sort I have outlined will assure that we make the most efficient use of the resources available to us.

IV. SPECIFIC LEGISLATIVE RECOMMENDATIONS

Clearly, Members of Congress, and particularly the authors of the bills now before you, are concerned about the need for a rational and sensible national policy for dealing with youth unemployment. In order to help realize these goals within the context of the various pieces of legislation before you, the Council has prepared a number of specific suggestions for amending these bills. The actual language we would suggest is included as an appendix to my statement; we have attempted to fit our concepts into each of the three major bills in the appropriate spots. These amendments cover the general issues raised by our policy statement, and focus on how to ensure the role of the educational system in any new federally-financed employment and training system. The description of each is accompanied by a brief statement of rationale which explains why the Council believes such an amendment would be useful in the process of developing an integrated employment-training and education system which will serve the young people of this nation efficiently and cost-effectively.

1. DEFINITIONS--Include definitions of "educational agencies" and "academic credit" in the definitions sections of each bill.

   Rationale: This is basically a technical suggestion which is necessary to the efficient integration of some later suggestions into the bills.

2. EDUCATION ROLE ON STATE ADVISORY COUNCILS--The Council recommends that amendments be added which would expand the representation of education on the state-level advisory councils contemplated in each of the bills before you.

   Rationale: In order to contribute to the overall effort, education must be included at every step of the decisionmaking process with respect to the development and execution of policies to enhance the employment prospects of young people. Moreover, the Council has long advocated the simplification of state-level advisory services through the establishment of a single state-level advisory council covering federally-supported activities in vocational education, employment and training, and basic education.

3. EDUCATION ROLE ON LOCAL BOARDS--The Council recommends that amendments similar to those mentioned above be added to clarify and expand the role of education representatives on local governing boards of prime sponsors, labor market investment boards, or private industry councils.

   Rationale: As above, education must be included as a working partner at every step in the decisionmaking process; this can only be insured if education is well represented on the local boards which will be responsible for the development and execution of effective employment and training programs at the local level.

4. EDUCATION AGENCIES' RIGHT TO REVIEW PLANS--The Council recommends that state and local education agencies be explicitly authorized to review and comment on prime sponsor plans, just as governors and local elected officials will.

   Rationale: The purpose of this suggested provision is to help insure the integration of employment and training programs with the ongoing education program of each local area.

5. STANDARDS FOR EDUCATION PROGRAMS--The law should explicitly recognize and give standing to state and local performance and completion standards for educational programs. Federal standards or specially created program standards should not be allowed to replace state and local standards.

Rationale: Education standards and competencies are clearly the province of state and local officials. As this Administration is constantly reminding us, education is a state and local function. It would be the height of irony for the federal government, even as it is withdrawing from the support of education programs, to move toward prescribing national standards for programs or performance for any part of education, even education programs directed to a particular target group.

6. SERVICES TO BE PROVIDED BY STATE AND LOCAL EDUCATION SYSTEMS—The Council recommends that key educational services be identified in the law. Projects which have a substantial component of such services should be awarded according to a set of procedures which assume that education agencies are the service providers of choice unless the project will be both more cost effective and has a better chance of success if accomplished by another service provider.

Rationale: As noted in my statement, the education systems of this country are willing to compete for available resources. However, we must avoid creating dual systems of education for young people in the target group we are dealing with in this legislation. Moreover, the elementary and secondary schools of the United States have a clear record of success in a federal program aimed at substantially the same group: ESEA Title I. In addition, schools and colleges are already the major providers of job training services in this country, and will become more so as the movement of our economy toward high technology industries reinforces the fact that good academic skills will be the best training for jobs.

7. ELIGIBILITY FOR SERVICES TO BEGIN AT AGE 14—It is important to extend the range of eligibility for special services under the proposed legislation to young people age 14 and up.

Rationale: Many young people need basic skills and employability training much more than specific occupational skill training. If services are available to those 14 and up, younger participants may be able to obtain the services they need before their needs have proliferated beyond the capacity of the system to deal with them without additional training and service.

8. WAGNER-PEYSER AMENDMENTS SHOULD RELATE TO EDUCATION--The Council recommends that to the extent this legislation seeks to amend the Wagner-Peyser Act governing the Employment Service, specific reference should be made to the need to link Job Service programs to education programs.

Rationale: Again, in order for the employment and training system to provide effective services to young people, all services should be linked with one another.

9. STATE LEVEL LINKAGE FUNDS--At the state level, either as part of the Governor's coordination fund or as a separate fund, funds should be provided to enable state education authorities to discharge their responsibilities to coordinate the linkages between education and the overall employment and training system.

Rationale: State departments and boards of education do not have discretionary funds of their own to accomplish the necessary task of coordinating educational efforts at the state level with other employment and training efforts. Such coordination includes the provision of teacher training efforts, policy development, data gathering and dissemination, analysis of educational needs in light of labor market analysis, etc.

10. EMPLOYABILITY DEVELOPMENT PLANS—The Council recommends that every young person participating in programs funded under this legislation be provided with an individualized Employability Development Plan to serve both as a plan of action and a record of accomplishments.

Rationale: The Council believes that one of the best ways to focus the mix of available services on the needs of specific individuals is through the provision of EDPs. Far from complicating the system with needless paperwork, EDPs can provide an efficient and simple mechanism for insuring that each program participant is receiving the services he or she needs for success, rather than simply those services the system is ready to provide.

V. CONCLUSION

In this statement I have sketched the Council of Chief State School Officers' positions on a variety of issues in the youth employment area. In addition, I have shared with you the Council's suggestions for amendments to the legislation you are presently considering. We believe these amendments, if adopted into any one of the bills before you, would improve the chances for success of the resulting programs by more fully integrating those programs with the existing education systems available and functioning in this country. Members of the Council are ready to work with each of you in the effort to address the pressing national problem of youth unemployment, and we look forward to the passage of legislation which will help all of us work together to address this problem.

Suggested Legislative Language to Amend

H.R. 5320: Community Partnership for Employment and Training Act
H.R. 5461: Productivity and Human Investment Act
S. 2036: Training for Jobs Act

An Appendix to the Testimony of

Gordon M. Ambach
Commissioner of Education of the State of New York

Given on March 17, 1982, before the

Subcommittee on Employment & Productivity
Committee on Labor and Human Resources
United States Senate

Subcommittee on Employment Opportunities
Committee on Education and Labor
United States House of Representatives

This document presents specific legislative language to implement each of the recommendations discussed by Commissioner Ambach under IV. Specific Legislative Recommendations in his testimony.

Each piece of language is keyed to a specific section or sections of one or more of the Bills before the Congress. This keying is intended to assist the reader to locate the place in the Bill or Bills where the language could be inserted. In some instances the keying is to the section(s) that suggested language would follow; in other instances, the keying is to the section(s) into which the language would be inserted.

1. Definitions of "Educational Agency" and "Academic Credit"

To be inserted following line 8, page 6, H.R. 5320, Sec. 4(3).

To be inserted following line 7, page 4, S. 2036, Sec. 2(3).

> ( ) The term "educational agency" means State Educational Agencies, Local Educational Agencies, nonpublic schools and proprietary schools in existence as of the date of enactment of this Act, and institutions of higher education such as community colleges, four year colleges, and universities. Each of the terms "Local Educational Agency" and "State Educational Agency" shall have the same meaning as that term has under Section 195 of the Vocational Education Act of 1963.

To be inserted following line 3, page 5, H.R. 5320, Sec. 4.

To be inserted following line 2, page 2, S. 2036, Sec. 2.

> ( ) The term "academic credit" means credit for education, training, or work experience applicable toward a secondary school diploma, a postsecondary degree, or an accredited certificate of completion, consistent with applicable State law, regulation, and policy and the requirements of an accredited educational agency or institution in a State.

Alphabetize definitions within Sec. 4 of H.R. 5320 and within Sec. 2 of S. 2036.

2. Education Role on State Advisory Councils

To be inserted following line 15, page 22, H.R. 5320, Sec. 107(a)(3)(E).

> (F) representatives of the State Board of Education, the State Educational Agency, Local Educational Agencies, and proprietary schools.

To be inserted following line 10, page 48, H.R. 5461, Sec. 204(b)(5).

> (6) Representatives of education shall include representatives of the State Board of Education, the State Educational Agency, Local Educational Agencies, and proprietary schools. Those representatives who are public education officials shall serve in an ex officio capacity.

Change "(6)" to "(7)" on line 11, page 48, H.R. 5461, Sec. 204(b)(6).

Change "(7)" to "(8)" on line 16, page 48, H.R. 5461, Sec. 204(b)(7).

To be inserted after "councils" on line 12, page 19 of S. 2036, Sec. 104(c)(1)

> one fourth of the remainder shall be representatives of Local Educational Agencies and the State Educational Agency,

3. Education Role on Local Boards

To be inserted following "sponsor." on line 24, page 11, H.R. 5320, Sec. 102(c).

> At least half of the remaining members shall be representatives of educational agencies as defined in Section 4(18) in the area served by the Prime Sponsor, with at least half of these to represent public elementary and secondary education.

To be inserted following line 14, page 10, H.R. 5461, Sec. 103(a)(2)(C).

> (D) At least half of the remaining members shall be representatives of educational agencies as defined in Section 2(16) with at least half of these to represent public elementary and secondary education.

To be inserted following line 14, page 12, S. 2036, Sec. 103(b)(1)(A)

> (B) At least half of the remaining members shall be representatives of educational agencies as defined in Section 2(16) with at least half of these to represent public elementary and secondary education; and

Delete "and" at line 14, page 12, S. 2036, Sec. 103(b)(1)(A)

Change "(B)" to "(C)" on line 15, page 12, S.2036, Sec. 103(b)(1)(B).

To be inserted following line 6, page 13, S. 2036, Sec. 103(b)(2)(B).

> (C) Education representatives on the council shall be selected from among individuals nominated by Local Educational Agencies, institutions of higher education or general organizations of such institutions, and private and proprietary schools or general organizations of such institutions within the service delivery area. For the purpose of this subparagraph, the term "general organization" means an organization that admits any educational institution of the category indicated in the phrase in which the term appears.

Change "(C)" to "(D)" in line 7, page 13, S. 2036, Sec. 103(b)(2)(C).

To be inserted following "area" on line 11, page 13, S. 2036, Sec. 103(b)(2)(C).

> , except that a representative of education may be selected to represent a class of educational organization only if he or she was nominated by an institution, agency, or general organization of that class

4. Education Agencies' Right to Review Plans

To be inserted after line 12, page 18 of H.R. 5320, Sec. 105(a)(1)

> (2) representatives of education on the private industry council will review, comment upon, revise, and approve those portions of the plan that will serve youth below the normal age of school leaving.

Change "(2)" to "(3)" on line 13, page 18 of H.R. 5320, Sec. 105(a)(2)

To be inserted after line 17, page 18 of H.R. 5320, Sec. 105(a)(2)(B)

> (C) the State Educational Agency; and
>
> (D) appropriate Local Educational Agencies in the prime sponsor area.

To be inserted before line 15, page 10, H.R. 5461, Sec. 104(a)(2)(C).

> (E) (i) the education representatives shall be designated as an educational committee of the LMA investment board and, in the development of the plan, no management procedures, program standards, or contracting procedures pertaining to services for in-school youth or for out-of-school youth below the normal age of high school leaving shall be adopted without the approval of such committee; (ii) further, no contract, grant, purchase-of-service agreement, or similar arrangement may be entered into with a non-public provider of educational or training services for in-school youth or for out-of-school youth below the normal age of high school leaving without the approval of such committee; (iii) nothing in this Section shall be construed to require educational committee approval of specific contracts, grants, purchase-of service agreements, or similar arrangements mutually agreed upon by the LMA investment board and the State Educational Agency, a Local Educational Agency, or a public institution of higher education.

To be inserted after line 14, page 15, H.R. 5461, Sec. 106(a)(5)(B)

> (6) The Local Educational Agencies of jurisdictions in the labor market area must approve those portions of the plan that will serve youth below the normal age of school leaving, except that--
>
> > (A) in the event of a failure of such officials to resolve their differences the LMA investment board of a labor market area may appeal to the State investment board; and
> >
> > (B) the education members of the State investment board shall determine whether the recommendations of the LMA investment board or the Local Educational Agencies best meet the purposes and requirements of this title.

Substitute "," for "and" in line 3, page 16, S. 2036, Sec. 103(e)(1).

To be inserted after "representative" in line 5, page 16, S. 2036, Sec. 103(e)(1).

> and, for those portions of the plan that will serve youth below the normal age of school leaving, the chief local educational agency official in the service delivery area, or, if there is more than one such official in the area, by their designated representative.

Change "official" to "officials" in line 5, page 16, S. 2036, Sec. 103(e)(1).

Change "representative does" to "representatives do" in line 6, page 16, S. 2036, Sec. 103(e)(1).

5. Standards for Education Programs

Delete lines 12 through 18 on page 12, H.R. 5320, Sec. 103(a)(2) and substitute therefore

> (2) such standards shall not apply to youth programs or to youth below the normal age of school leaving who participate in programs that also serve adults.

Insert before line 19, page 12, H.R. 5320, Sec. 103(a)(2)

> (b)(1) Standards for youth programs or for youth below the normal age of school leaving who participate in programs that also serve adults, including but not limited to standards for the award of academic credit and certification of educational attainment whether through diplomas, certificates of completion, or otherwise, shall be set exclusively by the State Educational Agency and Local Educational Agencies in accord with applicable State and Local law, regulation and standards.
>
> (2) Procedures for the awarding of academic credit shall be developed in conjunction with the appropriate local educational agency or institution of higher education and approved by the State educational agency (including State agencies responsible for postsecondary education), or, where a prime sponsor's area includes more than one local educational agency, developed in conjunction with, and approved by, the appropriate State educational agency.

Change "(b)" to "(c)" on line 19, page 12 of H.R. 5320, Sec. 103(b)

Change "(c)" to "(d)" on line 4, page 13 of H.R. 5320, Sec. 103(b)

Change "(d)" to "(e)" on line 19, page 13 of H.R. 5320, Sec. 103(b)

Delete lines 16 and 17 on page 25 of H.R. 5320, Sec. 121(d) and substitute therefore

> (d) Services delivered to youth below the normal age of high school leaving will be judged by standards developed in accord with Section 103(b), which standards include but are not limited to standards for the award of academic credit and certification of educational attainment whether through diplomas, certificates of completion, or otherwise.

Insert after "goals" on line 6, page 27, H.R. 5320, Sec. 121(k)(1)

> , provided that such alternatives would not violate existing State and Local education, health, safety and other standards

Delete lines 1 through 4, page 24, Sec. 124(b)(3), H.R. 5461, and substitute therefore

> (3) Each labor market area shall establish an employability skills certification that conforms to existing applicable State education law and regulation and that also conforms to any competency guidelines that the State has seen fit to establish in accord with Secs. 226(a) and 226(b) of this Act.

Insert after line 16, page 95, H.R. 5461, Sec. 333(b)(4)

(c)(1) Under no circumstances shall the establishment of a management information system as required in this section be construed to authorize the Secretary to attempt to dictate or otherwise prescribe the substance of or procedures for assessing the attainment of any educational competency, school completion requirement, or other aspect of educational programming that by State or Local law, regulation, custom, or tradition is established at the State or Local level which proscription includes but is not limited to standards for the award of academic credit and certification of educational attainment whether through diplomas, certificates of completion, or otherwise.

(2) Further, procedures for the awarding of academic credit for participation in programs under this Act shall be developed in each LMA in conjunction with the appropriate local educational agency or institution of higher education and approved by the State educational agency (including State agencies responsible for postsecondary education), or, where an LMA includes more than one local educational agency, developed in conjunction with, and approved by, the appropriate State educational agency.

Change "(c)" to "(d)" on line 17, page 95 of H.R. 5461, Sec. 333(c)

Change "(d)" to "(e)" on line 22, page 95 of H.R. 5461, Sec. 333(d)

Delete lines 15 through 17 on page 41, S. 2036, Sec. 303(c)(2) and substitute therefore

(2)(A) Performance standards for youth programs or for youth below the normal age of school leaving who participate in programs that also serve adults shall be set by the State Educational Agency and Local Educational Agencies in accord with applicable State and Local law, regulation and standards.

(B) Further, procedures for the awarding of academic credit for participation in programs under this Act shall be developed in each service delivery area in conjunction with the appropriate local educational agency or institution of higher education and approved by the State educational agency (including State agencies responsible for postsecondary education), or, where a service delivery area includes more than one local educational agency, developed in conjunction with, and approved by, the appropriate State educational agency.

6. Services to be Provided by State and Local Education Systems

To be added after line 24, page 52, H.R. 5320, Sec. 202(b)(25)

> (c)(1) Whenever prime sponsors provide or contract for the services listed in section 202(b), subparagraphs (3), (4), (8), (13), (14), (15), (16), or (17), to be provided to youth, education agencies in the area to be served shall be solicited first to provide such services from funds made available under this Act. Such services shall be provided by education agencies, either directly or indirectly, with the exceptions outlined in subparagraphs (2) and (3) of this subsection.
>
> (2) Agencies other than education agencies may provide the services described in subparagraph (1) if such alternatives can be shown to be more cost-effective than the equivalent education agency program; and if
>
> (3) The prime sponsor can clearly demonstrate that such alternative agency program will have a greater possibility of enhancing participants' life chances or opportunities for continued career growth and successful employment experience beyond the level expected to be achieved through the equivalent education agency program;
>
> (4) Services provided by education agencies and services provided by other service providers shall be coordinated with other education agency services in such a way that access to all resources of the education system is enhanced for clients under this Act as required by secs. 121(e) and 121(k);
>
> (5) All programs under this Act which have an education component shall meet state standards for awarding academic credit and other state educational standards which may apply.

Insert "(i)" after "(E)" on line 21, page 15 and, after "services" on line 25, page 15 of H.R. 5320, sec. 104(b)(1)(E) insert:

> , the primary considerations in selecting service providers for youth shall be cost effectiveness in the delivery of services, and the likelihood of any program helping participants to substantially enhance their life chances or opportunities for continued career growth and successful employment experience.

To be inserted after "agencies" on line 6, page 16, H.R. 5320, sec. 104(b)(1)(F)

> , which shall include the stipulation that education agencies shall be considered as the most cost effective and programmatically effective agencies in providing to youth ages 14 to 21 the following services--assessment, testing, and counseling; occupational, career, and vocational exploration; job holding and survival skills training; and basic life skills training--unless under the procedures outlined in sec. 202(c) of this Act another agency or organization is deemed superior.

To be inserted after line 9, page 23, H.R. 5461 sec. 123(d)

(e) Whenever labor market area boards contract for services under sections 123, 124, and 126 of this Act, to be provided to youth, education agencies in the area to be served shall be solicited first to provide such services from funds made available under this Act. Such services shall be provided by education agencies, either directly or indirectly, with the exceptions outlined in subparagraphs (2) and (3) of this subsection.

(2) Agencies other than education agencies may provide the services described in subparagraph (1) if such alternatives can be shown to be more cost-effective than the equivalent education agency program; and if

(3) The labor market area board can clearly demonstrate that such alternative agency program will have a greater possibility of enhancing participants' life chances or opportunities for continued career growth and successful employment experience beyond the level expected to be achieved through the equivalent education agency program;

(5) All programs under this Act which have an education component shall meet state standards for awarding academic credit and other state educational standards which may apply.

To be inserted following line 12, page 22, S. 2036, sec. 105(d)

(3) Whenever private industry councils contract or provide for services listed in sec. 105(a)(1) to be provided to youth, education agencies in the area to be served shall be solicited first to provide such services from funds made available under this Act. Such services shall be provided by education agencies, either directly or indirectly, with the exceptions outlined in subparagraphs (2) and (3) of this subsection.

(2) Agencies other than education agencies may provide the services described in subparagraph (1) if such alternatives can be shown to be more cost-effective than the equivalent education agency program; and if

(3) The private industry council can clearly demonstrate that such alternative agency program will have a greater possibility of enhancing participants' life chances or opportunities for continued career growth and successful employment experience beyond the level expected to be achieved through the equivalent education agency program;

(5) All programs under this Act which have an education component shall meet state standards for awarding academic credit and other state educational standards which may apply.

To be inserted in each Bill, mutatis mutandis, to clarify the proper role of education in delivering employment and training services

Sec.__ (a) The Governor shall designate the state educational agency to coordinate with prime sponsors, private industry councils, and other appropriate agencies in the implementation of sections of this act which pertain to applicable state laws related to education, including but not limited to:

(1) Applicable state law related to the establishment of standards for: basic skill education; employability skills education; vocational education; adult basic and adult education; and counseling and placement services.

(2) Applicable state law related to: awarding of academic credit for high school or postsecondary diplomas, certificates of completion, G.E.D. certificates, or other certifications.

(3) Applicable state law related to curriculum.

(4) Applicable state law related to data collection and information systems as these apply to local educational agencies and/or to institutions of higher education.

(5) Applicable state law related to local educational agency evaluations of programs and services.

(6) Applicable state law related to statewide planning for education and employment and training, including any requirements for coordination with labor, economic development or other appropriate state functions.

(7) Applicable state law related to the rights, duties, and responsibilities of local educational agencies.

7. Eligibility for Services to Begin at Age 14, and Entitlement to Services for Youth

Replace "sixteen" with "fourteen" in line 18, page 50, H.R.5320, Sec. 202(a)(1).

Replace "sixteen" with "fourteen" in line 5, page 53, H.R.5320, Sec. 203(a).

Delete lines 6 through 9, page 53, H.R. 5320, Sec. 203(b) and replace them with the following

> (b) Eligible youth aged 14 to 21 shall be entitled to up to 200 hours of instruction and activities including, but not limited to: (1) assessment, testing, and counseling; (2) occupational, career and vocational exploration; (3) job search assistance; (4) job holding and survival skills training; (5) basic life skills training; and (6) basic and remedial instruction in academic skills.

Replace "subsections" with "subsection" in line 2, page 53, H.R.5320, Sec. 203(a).

Delete "and" from line 2, page 53, H.R. 5320, Sec. 203(a).

Delete "(c)" from line 3, page 53, H.R. 5320, Sec. 203(a).

Replace "16" with "14" in line 18, page 24, H.R.5461, Sec. 125(a).

Add "(1)" following "(c)" on line 20, page 21, S. 2036, Sec. 105(c)

Insert after line 4, page 22, S. 2036, Sec. 105(c)

> (2) Each eligible youth shall be entitled to up to 200 hours of services under this section.

8. Wagner-Peyser Amendments Should Relate to Education

Insert ", including educational programs and services" after "legislation" on line 3, page 107, H.R. 5320, Sec. 4(b)(3)(B).

Insert ", including educational programs and services" after "legislation" on line 2, page 58, S. 2036, Sec. 8(b)(2).

9. State Level Linkage Funds

To be inserted after line 5, page 21, H.R. 5320, Sec. 106(b)(8)

(c) The plan shall include delegation to the State Educational Agency of responsibility to:

(1) coordinate programs under this Act with existing educational programs and funds in order to enhance access of eligible persons to funded services of the education system.

(2) assess the quality of instructional programs offered by those engaged in employment and training programs under this Act and to ensure comparability of those programs with those offered by the educational system.

(3) develop linkages between programs under this Act with existing educational programs offered by Local Educational Agencies, institutions of higher education, proprietary and other private schools, community based organizations, and private sector employers.

(4) provide technical assistance to educational institutions to aid them in making cooperative arrangements with prime sponsors and members of private industry councils.

(5) provide information, curriculum materials and technical assistance in curriculum development and staff development to agencies engaged in employment and training programs.

(6) coordinate funds under this Act with any educational grant to enhance economic growth and development so that persons eligible under this Act enter and maintain themselves in the work force.

Change "(c)" to "(d)" in line 6, page 21, H.R. 5320, Sec. 106(c)

Insert after line 15, page 48, H.R. 5320, Sec. 201(b)

Of the amount thus allocated to each State, not more than 50% shall be used to carry out activities under Section 106(b) of this Act and the remainder shall be used to carry out activities under Section 106(c) of this Act.

To be inserted afte line 8, page 63, H.R. 5461, Sec. 228(c)

COORDINATION OF EDUCATION AND TRAINING ACTIVITIES

Sec. 229. (a) The state authority shall delegate to the State Educational Agency the responsibility to:

(1) coordinate programs under this Act with existing educational programs and funds in order to enhance access of eligible persons to funded services of the edcuation system.

(2) assess the quality of instructional programs offered by those engaged in employment and training programs under this Act and to ensure comparability of those programs with those offered by the educational system.

(3) develop linkages between programs under this Act with existing educational programs offered by Local Educational Agencies, institutions of higher education, proprietary and other private schools, community based organizations, and private sector employers.

(4) provide technical assistance to educational institutions to aid them in making cooperative arrangements with LMA investment boards.

(5) provide information, curriculum materials and technical assistance in curriculum development and staff development to agencies engaged in employment and training programs.

(6) coordinate funds under this Act with any educational grant to enhance economic growth and development so that persons eligible under this Act enter and maintain themselves in the work force.

(b) No less than 50% of the funds available to the State authority under Part B of this Title shall be used to support activities under this Section.

To be inserted after line 9, page 23, S. 2036, Sec. 105(e)(8)

(f) Amounts available to State Educational Agencies under section 101(b)(2)(B) may be used to --

(1) coordinate programs under this Act with existing educational programs and funds in order to enhance access of eligible persons to funded services of the edcuation system.

(2) assess the quality of instructional programs offered by those engaged in employment and training programs under this Act and to ensure comparability of those programs with those offered by the educational system.

(3) develop linkages between programs under this Act with existing educational programs offered by Local Educational Agencies, institutions of higher education, proprietary and other private schools, community based organizations, and private sector employers.

(4) provide technical assistance to educational institutions to aid them in making cooperative arrangements with recipients and administrators of funds in the service delivery area(s) that overlap or are coterminous with the area from which each such institution typically draws students.

(5) provide information, curriculum materials and technical assistance in curriculum development and staff development to agencies engaged in employment and training programs.

(6) coordinate funds under this Act with any educational grant to enhance economic growth and development so that persons eligible under this Act enter and maintain themselves in the work force.

Change "(f)" to "(g)" in line 10, page 23, S. 2036, Sec. 105(f)

To be inserted after line 5, page 7, S. 2036, Sec. 101(a)(2)(B)

(b)(1) Three per centum of the amount appropriated pursuant to section 301(a)(1) for each fiscal year shall be alloted to the States in the same manner as provided in section (c)(2) and (3). The amount allotted under this paragraph shall be available to the State Educational Agency of each state.

(2)(A) Not more than 10 per centum of the amount allotted under paragraph (1) of this subsection to each State Educational Agency for administrative activities.

(B) The remainder of the amount allotted under subparagraph (1) of this subsection to each State Educational Agency shall be used for programs and activities pursuant to section 105(f)

Change "(b)" to "(c)" in line 6, page 7, S. 2036, Sec. 101(b)

Change "(c)" to "(d)" in line 13, page 8, S. 2036, Sec. 101(c)

Change "(b)" to "(c)" in line 21, page 6, S. 2036, Sec. 101(a)(1)

10. Employability Development Plans

To be inserted as (e) before line 18, page 25, H.R. 5320, Sec. 121(d). Sections "(e)" through "(q)" on pages 25 through 29 to be relettered "(f)" through "(r)"

To be inserted as (3) following line 19, page 21, S. 2036, Sec. 105(b)(2)

( )( ) Consistent with State law and regulation, each participant who is below the normal age of high school leaving at the start of participation in a program receiving financial assistance under this Act shall receive an agreement which specifies the objectives of the program, the allowances and wages that will be recieved, attendance and progress requirements to remain in the program, and the options for further training or employment to which program completion leads.

( ) To provide each participant with a resume, an individual record shall be maintained for each participant below the normal age of high school leaving certifying the competencies gained, documenting individual employment goals, identifying work and volunteer experiences, and evaluating the individual's participation.

Representative HAWKINS. Thank you.

Dr. Roger Hertz is the next witness.

Mr. HERTZ. Mr. Chairman, my name is Roger Hertz. I am the executive director of the Berks County Intermediate Unit and superintendent of the Berks Vocational Technical School in Pennsylvania. I am speaking on behalf of the American Association of School Administrators.

The purpose of my testimony is to discuss the need for a stable, predictable funding and administrative structure for employment and training. Education for job entry and re-entry is an expensive venture and requires high-level governmental funding and dedication to survive.

The American Association of School Administrators is aware of and concerned about the falling productivity of American labor, changing technology in industry, the decreased demand for unskilled workers and the increased demand for skilled workers, the fact that those who lose their jobs in one industry must be retrained for jobs in other industries, and the fact that youth who wish to enter the work force need salable skills in order to procure jobs in the highly competitive job market of today's society.

The AASA urges that Federal remedies consider the following:

One, there will be problems in minimizing the Federal role in employment and training in favor of an increased role of a full partnership for the private sector. Ideally this is an admirable goal. The reality, unfortunately, is that the business/labor/industry sector is not able in sufficient numbers to fill the void. Willingness on the part of some is not adequate to the need.

If we are to meet two of the Nation's most urgent economic needs—productivity and jobs—Governors, mayors, private sector officials, and State and local education agencies must be involved.

It is crucial that dual training systems not be established. Currently, vocational education programs actually conduct a large percentage of the training offered to CETA participants and are extensively involved with other providers of human development services, especially CETA prime sponsors.

Education should be a full partner in the education and training of persons eligible for employment and training services. The teaching of skills alone suffices for too few students in employment and training programs. Students need more knowledge about the general nature and the great diversity in the occupational structure. Students need job seeking/job getting/job holding and decisionmaking skills. They need a working knowledge of communication and computational skills that should be provided by the educational system.

More long-range planning, together with State and local government officials, education, and the private sector is required if we are ever to address both structural and cyclical unemployment.

A concomitant problem is that of retraining workers displaced by increasingly sophisticated technology, the closing down of industry due to economic hardship, and other reasons. The changing technology makes it imperative that the most modern and up-to-date training be made available. Obsolete skills must be recognized as such and training programs tooled up to teach the new, emerging technologies, as well as traditional skills that continue in demand.

AASA feels that if these problems are confronted, we may be better able to find solutions for one of the major problems facing our Nation. We are confident, also, that the solutions will include the essential requirement that funding support continue at the highest levels.

In Berks County, Pa., we are worried about several impacts that may result from the diminution of Federal funding.

Two, there will be a renewed emphasis placed upon sending local school districts to replenish the Federal funds shortfall. School districts are presently very hard pressed to meet this additional financial challenge.

Three, we do not find the private sector either willing or able to fill the void that will be created by the withdrawal of any of the current CETA level funding.

Four, less Federal and State funds, coupled with the inability of the local district to replace the reduced funding, will result in a correlation of reduced student programs and student services. Less young people will be permitted and/or eligible to enroll in training programs, and a like reduction will be reflected in the discontinuance of selected instructional areas.

Five, there will be a general decline in the updating of instructional equipment which is necessary to cope with contemporary developments in technology.

In summary, the economy of our Nation is at a crossroads. Arrows are pointed in various directions. Lawmakers must consider carefully and dispassionately the road to be taken. If the citizens of our country are to be well prepared for the world of work, job skill programs must be a national priority.

Perhaps it is time to examine the possibility of merging education and employment and training programs again. According to the National Association of State Boards of Education, of all moneys allocated for and poured into employment and training efforts, 73 percent is expended by educational institutions.

Given the mandate of policy and the funds to follow through, comprehensive education can become a system broad enough to effectively address all the unemployment-related educational needs of our Nation. It can provide the foundation for a true partnership of national, State and local interests in providing the vocational and training component for a national employment and training policy. The support must be adequate to carry out Federal policy, and it must be structured in such a way as to ensure that Federal policy is not circumvented.

As stated in the beginning of this testimony:

> Education for job entry and reentry is an expensive venture and requires high-level governmental funding and dedication to survive.

Mr. Chairman, my thanks.

[The prepared statement of Mr. Hertz follows:]

STATEMENT OF

DR. ROGER S. HERTZ

SUPERINTENDENT

BERKS VOCATIONAL TECHNICAL SCHOOL

BERKS COUNTY, PENNSYLVANIA

BEFORE THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT

OPPORTUNITIES AND THE

SENATE SUBCOMMITTEE ON EMPLOYMENT

AND PRODUCTIVITY

CHAIRMEN

The Honorable Dan Quayle

The Honorable Augustus F. Hawkins

INTRODUCTION

The purpose of my testimony is to discuss the need for a stable, predictable, funding and administrative structure for employment and training. Education for job entry and re-entry is an expensive venture and requires high level governmental funding and dedication to survive.

The American Association of School Administrators (AASA) is aware of and concerned about the falling productivity of American labor, changing technology in industry, the decreased demand for unskilled workers and the increased demand for skilled workers, the fact that those who lose their jobs in one industry must be retrained for jobs in other industries, and the fact that youth who wish to enter the work force need saleable skills in order to procure jobs in a highly competive job market.

AASA POSITIONS

AASA urges that federal remedies consider the following:

1. There will be problems in minimizing the federal role in employment and training in favor of an increased role, or a full partnership, for the private sector. Ideally, this is an admirable goal. The reality, unfortunately, is that the business/labor/industry sector is not able, in sufficient numbers, to fill the void. Willingness on the part of some is not adequate to the need.
2. It is well that Governors are asked to be more involved. Their participation in the Jobs for America's Graduates program is, we believe, one of the reasons for the success of that program. If we are to meet two of the nation's most urgent economic needs--productivity and jobs--governors, mayors, private sector officials, and state and local education agencies must be involved.

3. It is crucial that dual training systems not be established. Currently, vocational education programs actually conduct a large percentage of the training offered to CETA participants and are extensively involved with other providers of human development services, especially CETA prime sponsors. Cooperative efforts between vocational education and employment and training programs have included the joint operations of skill centers and other special purpose facilities, as well as provided training for CETA instructors. Training of the disadvantaged has been intrinsic in voc ed since its inception. Only in the last two decades has there been federal participation zeroing in on employment and training. If the Congress and the President decide to continue to have duplicate systems, at least there should be a strong functional relationship between education and the Department of Labor programs for disadvantaged youth and adults. Education should be a full partner in the education and training of persons eligible for employment and training services.
4. The teaching of skills alone suffices for too few students in employment and training programs. Students need more knowledge about the general nature and great diversity in the occupational structure. They need job seeking/job getting/job holding and decision-making skills. They need a working knowledge of communication and computational skills that should be provided by the education system.
5. Employment and training programs have served largely as stop-gap measures that address immediate needs only focusing on changing the prospect of status of people from welfare recipients to wage earners. Consequently, the upward mobility of people trained in this way and their adaptability to changing occupations is not adequately addressed. More long-range planning, together with state and local government officials, education,

and the private sector is required if we are ever to address both structural and cyclical unemployment.

6. A concomitant problem is that of retraining workers displaced by increasingly sophisticated technology, the closing down of industry due to economic hardship, and other reasons. The changing technology makes it imperative that the most modern and up-to-date training be made available. Obsolete skills must be recognized as such and training programs tooled up to teach the new emerging technologies as well as traditional skills that continue in demand. In a recent position paper on the shortage of skilled workers, prepared by the American Vocational Association, evidence of change was noted in the statement: "It is estimated that today 45 to 55 percent of the work force is in the information business. By the year 2000, it is projected that the figure will rise to 80 percent." AVA stated further: "According to testimony presented before the Senate Labor and Human Resources Committee, as many as 2.5 million Americans may suffer from the effects of 'economic dislocation' each year, facing unemployment and the need for retraining. Workers from a variety of industries are affected by the structural change that can result from foreign competition, shifting energy sources, automation, and changing market demand."

AASA feels that if these problems are confornted we may be better able to find solutions for one of the major problems facing our nation. We are confident also that the solutions will include the essential requirement that funding support continue at the highest levels.

BERKS COUNTY

In Berks county, we are worried about several impacts that may result from any diminution of federal funding.

1. There will be a renewed emphasis placed upon the sending local school districts to replenish the federal funds shortfall. School districts are presently very hard pressed to meet this additional financial challenge.
2. We do not find the private sector either willing or able to fill the void that will be created by the withdrawal of any of the current CETA level funding.
3. Less federal and state funds, coupled with the inability of the local district to replace the reduced funding, will result in a correlation of reduced student programs and student services. Less young people will be permitted and/or eligible to enroll in training programs, and a like reduction will be reflected in the discontinuance of selected instructional areas. Less money, less course offerings, less teachers, less students will create havoc in the skills programs and, subsequently, will reduce the number of job entry students prepared for work in business and industry.
4. There will be a general decline in the updating of instructional equipment which is necessary to cope with contemporary developments in technology, as well as replacement due to normal everyday usage.
5. Any curtailment in funding will reduce the opportunity for employment and training programs to be responsive to the needs of special populations such as the handicapped, minorities, women, and the economically disadvantaged.

What will be the additional consequence of shifting from federal support to a greater dependence upon input and support from the private sector? In a word--stagnation! It must be recognized that change costs money! The private sector will help--but not enough. If sufficient money is not available to promote program development, i.e., skill curriculum as well as hardware, the programs will continue as they are--unable to keep up with the nation's rapidly increasing technology and changing economic needs.

If trainees are offered skills in operating equipment that is obsolete, they will not be able to meet the needs of the business or industry for which they are to be trained.

Private industry, forced into a reeducational role for which they are unprepared and economically unable to support, will compound the already crisis-proportion problems.

SUMMARY

The economy of our nation is at a crossroads: Arrows are pointing in various directions. Lawmakers must consider carefully and dispassionately the road to be taken. If the citizens of our country are to be well prepared for the world of work, job skill programs must be a national priority.

Perhaps it is time to examine the possibility of merging education and employment and training programs again. According to the National Association of State Boards of Education, "Of all monies allocated for and poured into employment and training efforts, 73% is expended by educational institutions." Given the mandate of policy and the funds to follow through, comprehensive education can become a system broad enough to effectively address all of the unemployment-related educational needs of our nation. It can provide the foundation for a true partnership of national, state and local interests in providing the vocational and training component for a national employment and training policy. The support must be adequate to carry out Federal policy, and it must be structured in such a way as to ensure that Federal policy is not circumvented.

As stated in the beginning of this testimony, "Education for job entry and re-entry is an expensive venture and requires high level governmental funding and dedication to survive."

Representative HAWKINS. Thank you.

The next witness is Mr. Gene Bottoms, executive director, American Vocational Association.

Mr. BOTTOMS. Mr. Chairman and members of the Senate and House subcommittees, I am Gene Bottoms, executive director of the American Vocational Association.

We wish to thank you and members of the Senate and House subcommittees for inviting the American Vocational Association to testify concerning the role the Nation's program of vocational education can play in meeting the job training needs of economically disadvantaged Americans. These programs are offered through an array of established institutions, including general and comprehensive high schools, area vocational schools, technical institutes, skill centers and community colleges.

We are delighted to see that training is a centerpiece of all the new employment training bills that have been proposed. However, we are disappointed at the fact that none of them call for the type of functional relationship that we feel is needed between inplace State and local programs of vocational education and national efforts to serve the employment training needs of our most impoverished citizens.

We are asking that you consider three changes in the legislation, as follows:

One, one of the revised purposes of the legislation should be to assist States and local communities to develop and sustain an ongoing capacity through existing institutions and programs to prepare the economically disadvantaged individuals for jobs.

Two, the legislation should contain a vocational education program section which will allow the appropriate State vocational education agencies to enter into agreements to provide needed employment training services.

Three, the legislation must set aside a significant portion of funds to enable education programs to carry out the required training activities.

We in the vocational education believe that the best approach is to build a national, State and local cooperative effort on the programs that already exist, and let us look at why this is the case.

The Department of Labor studies, as illustrated in Chart 1 of our testimony, shows clearly that the 6-percent of the Federal funds for training that have been allocated to State Boards of Vocational Education under title II of Public Law 95-524 have resulted in effective programs which cost less than other training approaches.

The significant comparison is between the training which is done directly by vocational education using the 6-percent funds, which was $1,549 per participant, and the training carried out through project approaches called for under title II-A, B and C, which was $3,767 per participant. Although both approaches utilize ongoing vocational education programs, the 6-percent funds have resulted in the most economical training because educators are able to plan more effectively for the expenditures of this allocation. They use these dollars in conjunction with other funds, establishing a certain number of slots in their ongoing program for CETA clients.

On the other hand, dollars that come to them through the project approach are often awarded after the beginning of the school year where there are no slots available. This requires an institution or program to begin a new class-size program. Because this need was not anticipated, the instruction often has to be offered at some other location than the main campus, with an instructor who has no experience. As a result, the costs are far greater.

Chart 2 shows that the cost efficiency of the 6-percent training approach holds true from State to State.

Chart 3 gives detailed cost breakdowns for training in Oklahoma and provides further evidence of the cost efficiency of the vocational education 6 percent training. Note that in 1980, costs were $950 for the vocational education 6 percent training, and $1,605 when the same institutions contracted on a project basis.

Expanding the amount of employment training funds allocated specifically to vocational education can result in significant reductions in the cost of training per placement. On this basis alone, a closer working relationship with vocational education would be worthwhile, but there are other equally important reasons for developing the kind of relationship we are seeking.

We believe that in terms of effectiveness and achieving the purpose specified for employment training legislation, vocational education should be one of the major approaches employed. The Federal purposes have been to reduce unemployment by placing economically disadvantaged persons in private sector jobs.

Chart 4 compares the placement rates of CETA participants funded uner the various titles of existing acts. It shows that the placement rate of other title II programs was only two-thirds the rate of the vocational education supplementary grant programs, 44 percent compared to 70 percent.

Chart 5 compares placement rates across the same 16 States for which we looked at cost comparisons earlier. Again, placement rates are consistently higher under the vocational education supplementary grant program.

We believe that vocational education effectiveness is attributable to two basic elements: continuity and flexibility. Vocational education institutions have a track record in the communities which employers have come to depend upon when looking for potential employees. Employers look most favorably at students who have been a part of these programs. At the same time, the programs have the flexibility to enable them to change as local labor market conditions warrant.

In many States, vocational educators are working closely with private sector employers to develop customized training programs for workers to meet changing needs as industry expands or as new ones come in.

Charts 6 through 12 offer statistics from a number of States which provide such customized training. They show the number of clients trained through vocational programs, the companies for which they were trained, and the cost per program.

The efficiency and effectiveness of vocational education in meeting the job training needs of economically disadvantaged individuals has been demonstrated before. A recent study of CETA trainees conducted by Sar Levitan and Garth Mangum found that the network of institutions providing vocational education listed in chart 15 was not only able to provide quality instruction to employment and training clients. The facilities were found to be of high quality and the occupational offerings tended to be broad. The study praised the wide range of employers contacted, the ability of vocational education to serve CETA enrollees through mainstream institutions rather than through a stigmatized Federal program with the resulting beneficial impact on the self-image and career expectations of participants.

The reason for the effectiveness of the 6-percent program is attributed to the inherent difference between long term, ongoing vocational institutions and the short-term project nature of other approaches outside established programs.

To achieve this type of relationship that we feel is critical, we are calling for a vocational education program section in the new legislation. This section would call upon you, the Secretary of Labor, and the Governor of the State to enter into agreements with the appropriate State vocational education agency to provide needed vocational education service at the local level. The services could be provided in accordance with an agreement worked out between State vocational education agencies, prime sponsors and local educational agencies and institutions.

We do not believe that linking provisions nor well intended language in the new employment legislation can result in the most effective and efficient utilization of the inplace, established programs of vocational education preparing economically disadvantaged individuals for private-sector jobs.

Finally, if vocational education is to be an effective partner in meeting employment and training needs, it must receive adequate funding. We believe that the appropriate amount of funding should fall somewhere between the 6 percent currently allocated and the 50 percent that was allocated to vocational education under the MDTA Training Act. The amount may not be as high as 50 percent, but it should be substantially higher than 6 percent.

In summary, we believe that building upon existing capacities offer the best means for stretching scarce resources and assuring that the purposes of the legislation are achieved.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Bottoms follows:]

STATEMENT
OF
DR. GENE BOTTOMS
EXECUTIVE DIRECTOR
AMERICAN VOCATIONAL ASSOCIATION

BEFORE THE
JOINT HEARINGS OF THE
HOUSE SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

CHAIRMAN
CONGRESSMAN AUGUSTUS F. HAWKINS

AND

SENATE SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY

CHAIRMAN
SENATOR DAN QUAYLE

MARCH 17, 1982

Mr. Chairman and members of the Subcommittees:

I am Gene Bottoms, Executive Director of the American Vocational Association. I wish to thank you and members of the Subcommittees for inviting AVA to testify on behalf of the nation's vocational education programs.

AVA represents vocational education professionals who teach and administer the programs which have been established within the nation's educational system for the purpose of preparing individuals for employment. These programs are offered through an array of established institutions, including comprehensive high schools, area vocational educational schools, technical institutes, skill centers and community colleges. They encompass instruction at the secondary, postsecondary and adult levels.

The Senate and House Employment and Productivity Committees are to be congratulated for taking the initiative to introduce and work toward the completion of new employment training legislation. We are delighted to see that training is the centerpiece of all the bills that have been proposed. However, we are disappointed by the fact that all of the legislative proposals have three inherent weaknesses that will prevent in-place state and local programs of vocational education from providing economically disadvantage individuals with training in the most economical and effective manner.

We wish to summarize these shortcomings and offer suggestions for how they might be corrected as the major emphasis of our statement. We will then conclude with an analysis of the existing legislative proposals, identifying those aspects with which we agree and offering suggestions for strengthening or changing other recommendations.

I. THREE MAJOR WEAKNESSES OF THE PROPOSED LEGISLATION

We believe that national employment training legislation must be written in a manner that will enable states and local communities to offer programs that are both economical and effective in meeting the needs of the people they are designed to serve. The legislation should have as an underlying objective the development of a long-term capacity to meet the educational and other employment-related needs of the economically disadvantaged in communities throughout the nation.

With this purpose in mind, we have identified three major weaknesses of all existing proposals for employment training legislation as follows:

1. They do not establish a functional relationship between state and local programs of vocational education and employment training initiatives for economically disadvantaged individuals.

2. They do not provide for the use of federal dollars to assist state and local established vocational education programs to build an on-going capacity to serve economically disadvantaged individuals.

3. They are built on a funding system that has proven in the past to be more costly and ineffective than the established vocational education program in meeting the job preparation needs of economically disadvantaged individuals.

It will be my intent in this testimony to suggest how through revised employment training legislation a functional relationship can be established with the in-place state and local programs of vocational education and how such a relationship can in fact stretch federal dollars to serve more individuals, more effectively, while building an on-going expanding capacity.

II. ESTABLISHING A FUNCTIONAL RELATIONSHIP

Neither linking provisions nor well-intended language in new employment training legislation can result in the most efficient and effective utilization of the in-place established programs of vocational education for preparing economically disadvantaged individuals for private sector jobs.

To achieve this goal, new legislation must include three major provisions that will allow for the development of a functional relationship between vocational education and employment training initiatives as follows:

1. One of the revised purposes of the legislation would be to assist states and local communities to develop and sustain an on-going capacity through existing institutions to prepare economically disadvantaged individuals for jobs.
2. The legislation must contain a new vocational education program section which will allow state vocational education agencies to enter into agreements to provide needed employment training services.
3. The legislation must provide adequate funding to enable vocational education programs to carry out the required training activities.

A Revised Purpose

The funcational relationship that we are advocating is based on the belief that the employment and training effort should not be nationally centered but designed as a program in which the federal government assists states and local communities to develop and sustain an on-going capacity to serve their disadvantaged citizens through established institutions and programs.

Vocational education has been based historically on this concept. Through a similar relationship specifically targeted at the economically disadvantaged, we can in fact build a long-term capacity to meet the needs of economically disadvantaged individuals rather than maintaining a short-term focus.

Working with vocational education in a full partnership, those charged with responsibility for the operation of employment training activities could be assured that their participants would receive the full range of services they require. These include: Diagnostic and testing services, counseling, basic and remedial education, occupational and employability skills training and assistance in placement.

Utilizing vocational education programs to provide training would also guarantee that employment training dollars would go further because these dollars could be combined with other vocational education funds for a far greater impact than would be possible if they were used to start new and separate training programs.

In addition, participants could be enrolled in on-going programs and would not be singled out as disadvantaged, bottom-of-the-rung students as they are when class-size programs are set up especially for them.

Vocational Education Section

How can we achieve a functional relationship? We would like to propose that the new legislation include a vocational education program section. This section could call upon either the Secretary of Labor or the governor of each state to enter into agreements with the appropriate state vocational education agency to provide needed vocational education services at the local level. These services could be provided in accordance with agreements worked out between state vocational education agencies prime sponsors and local vocational educators.

The services would be delivered through existing public vocational education programs, through arrangements with private educational or training institutions or through community-based organizations deemed appropriate.

The state vocational education agency would develop a plan for the coordination and delivery of the services.

The plan should outline the following details of the state's activities:

1. How funds would be combined from this act and from other sources to develop a long-term capacity for providing education and training to economically disadvantaged persons.
2. How funding would be allocated to local institutions and programs to provide needed services in accordance with the distribution formula contained in the employment training legislation.
3. How programs under this act would be coordinated with existing vocational education programs.
4. How funds would be used to enhance economic growth and development within the state.
5. What linkages would be developed with private sector employers.
6. What technical assistance would be provided to vocational education institutions and local education agencies to aid them in establishing cooperative arrangements with prime sponsors, private-sector employers and community-based organizations.
7. What information, curriculum materials and technical assistance in curriculum and staff development would be provided to prime sponsors.

To accomplish the purposes contained within the vocational education section, the state agency for vocational education would develop agreements with local employment training administrators concerning the following matters:

1. The selection of occupational areas for preparatory training.
2. The recruitment and referral practices and the eligibility criteria for the selection of disadvantaged clients.
3. The criteria for selecting institutions and agencies to provide vocational training.
4. The number of persons to be served.
5. The scope of related and support services to be provided by vocational education training institutions or agencies.
6. Guidelines for prime sponsors to follow in providing information on other training initiatives to be supported in meeting the needs of clients which can not be addressed through existing vocational education programs.

We feel that the value of these specific provisions in the agreements are numerous. They would give greater assurance that training programs are conducted as part of established programs, that the training is provided by qualified staff and that it is offered in a manner that combines state and local resources to serve these individuals rather than by creating expensive duplicate programs.

Required Funding Allocation To Achieve Functional Relationship

In allocating funds to state agencies for vocational education to carry out training as part of new employment and training legislation, we would recommend that the following stipulations for use of the funds be established:

1. Not more than ten percent of the funds could be used for state administration and technical assistance.

2. Funds for delivery of services should be allocated in accordance with the interstate distribution formula described in the legislation.

3. Funds allocated to institutions and agencies for the delivery of services should be used to provide: Basic and remedial education, support services, vocational and occupational training and job placement services for participants.

4. The state agency working with local administrators for employment training legislation and local eligible recipients of funding for the delivery of vocational education services would arrive at non-financial agreement concerning the services to be provided.

Allocation of a significant portion of employment and training dollars to vocational education would assure that those who are the most experienced in the delivery of quality programs of vocational education have an equal say regarding the planning and implementation of effective training programs for the economically disadvantaged.

Most of all it will assure that at least a portion of employment training dollars will be used to provide some continuity of training capacity for economically disadvantaged individuals.

We believe that the vocational education section we have described would eliminate the shortcomings we see in existing proposals and would enable vocational education to become more fully involved in preparing our nation's economically disadvantaged citizens for employment. We feel that this approach is critical if we are to serve the needs of this segment of our society completely and in a manner that uses our resources wisely. In the following section, we would like to offer reasons why we feel this approach would be the most beneficial for program participants, for states and local communities and for the federal government.

III. ARGUMENTS FOR ESTABLISHING A FUNCTIONAL RELATIONSHIP BETWEEN VOCATIONAL EDUCATION AND EMPLOYMENT AND TRAINING INITIATIVES

Cost Efficiency (Training Through Established Vocational Educational Programs Is The Most Economical)

With a decline in the federal resource base for employment training programs, it is essential that Congress identify and utilize those approaches proven to be the most cost-efficient. The data clearly show that the six percent of the federal funds for training allocated to state boards of vocational education under Title II of P.L. 95-524 has resulted in effective programs which cost less than any other training approach under CETA.

To illustrate this point, Chart 1 compares the costs per participant placed in a job of [illegible] various training approaches within CETA. These figures were drawn from Department of Labor reports for 1979, the last year for which complete data were available.

It would be unfair to compare the cost for placement in public service employment under Titles II-D and VI with vocational education's classroom training because the participants in public service employment programs are not "trainees" in the strict sense of the word. Nevertheless, the contrast in costs is dramatic.

The significant comparison is between the training which is done directly by vocational education, using the six percent setaside funds, as compared to the project approach carried out under Title II, A, B and C. Both approaches utilize on-going vocational education programs with startling differences in the costs per student.

The more effective use of dollars through the setaside comes about because vocational educators are able to plan more effectively for the expenditures of their six percent allocation. They use these dollars in conjunction with other funds, establishing a certain number of slots in their on-going programs for CETA clients.

On the other hand, dollars that come to them through the project approach cannot be predicted. Often a project is awarded to them after the beginning of the school year when there are no slots available. This requires the institution or program awarded the project to begin a new class-size program. Because this need was not anticipated, the instruction often has to be offered at some location other than the main campus, with an instructor who has been employed just to teach that one course and with inexperienced personnel providing support services.

Many of the projects have been developed to meet the needs of clients who are the hardest to train yet they in fact end up, often even when the training is being carried out through an established program, with pick-up instructors and support personnel. And the costs are far greater.

Although there are differences from state to state in the cost per placement, Chart 2, showing a comparison of the costs of various training approaches in sixteen states, clearly shows that vocational education training through the six percent allocation is the least costly per placement in all but one state. In Vermont, the state in which these costs appear to be higher, the larger costs are attributable to the fact that stipend costs have been included. These are not part of figures from other states.

Chart 3 provides further evidence concerning the cost efficiency of vocational education "six percent" training. This chart gives detailed cost breakdowns for training in Oklahoma.

There are several reasons why training provided through the setaside has been the least costly per client, all attributable to the fact that vocational education programs are already operational, have other sources of funding and offer a full range of services. When vocational education administrators know that special funding will be available to meet the needs of economically disadvantaged students, they can plan to combine these resources effectively with others in serving both the economically disadvantaged and all other students.

When a CETA participant was enrolled in a vocational education program, he or she was entitled to all services available to any other student at no extra cost to CETA.

CETA participants were able to enroll in regular on-going classes and programs. This allowed the vocational education programs to maintain the optimum use of facilities, instructors, books and equipment. This reduced the overall unit cost and benefitted CETA participants as well as other students.

Expanding the amount of employment training funds allocated specifically to vocational education can result in significant reductions in the cost of training per placement for each individual served. On this basis alone, a functional relationship with vocational education would be worthwhile, but there are other equally important reasons for developing the kind of relationship we are seeking.

Effectiveness - (Training Through Vocational Education Programs Is Most Effective In Achieving Stated Objectives.)

Given the continued eroding base of federal support for employment training programs, Congress must build upon those training approaches which achieve the greatest results for each dollar invested. Limited federal funds should be directly connected to federal purposes. In the case of employment training programs, the federal purposes are (1) to reduce unemployment by placing economically disadvantaged persons into private sector, unsubsidized jobs, and (2) to reduce welfare payments.

Over the past few years, vocational education "six percent" training has provided the most effective, labor market relevent training for CETA participants. More persons have been placed in jobs at less cost than any other training component of CETA. Chart 4 compares the placement rates of CETA participants founded under the various titles within the act.

As is quite evident from the chart, the classroom training entrusted to vocational education via the six percent supplementary grants produced the best results in placing persons on jobs. The placement rate of Title II programs (which included private and public vocational classroom training, on-the-job training and public service employment) was only two-thirds the rate of placement from vocational education supplementary grant programs. Of the Title VI (public service employment) participants, only 32.2 percent could be placed in jobs.

Chart 5 provides a comparison of placement rates across sixteen selected states (the same states as those shown in cost comparisons in Chart 2). The outstanding factor here is that placement rates are consistently highest when vocational education undertakes the training of economically disadvantaged youth and adults through established programs as opposed to resegregated ad hoc project approaches.

The question becomes, then, why are these six percent funds, utilized for programs in vocational institutions, community colleges and skill centers, so effective in achieving these placement rates?

The reason for the effectiveness of the six percent programs is due to the inherent differences between (a) long-term, on-going vocational programs in established vocational institutions, and (b) the short-term, "project" nature of other approaches outside of vocational institutions.

Vocational programs represent the established system for training in a given community. They are reputable programs in which citizens have invested their tax dollars in order to prepare community residents for jobs. The success of these programs rests in their two basic elements of continuity and flexibility.

These institutions have a track record in their communities. Over the years these programs have developed a strong educational base built upon skilled instructors who keep abreast of the changing needs of the workplace, regular contacts with business and industry, a wide range of on-the-job training opportunities, constant upgrading of curriculum and instructional materials and systematic assessment of student needs.

When six percent funds go to these institutions, they serve to expand the on-going capacity of these programs. As CETA clients enter vocational programs on an individual referral basis, these programs are not only expanded, but they are strengthened as well. Thus, six percent funds assist states and communities to build on their own institutions -- to extend capacity -- while providing the highest quality services to the economically disadvantaged who benefit from updated curriculum, skilled instructors, and contacts with industry.

The "project" approach, on the other hand, segregates the economically disadvantaged into separate programs, outside of long-standing institutions, and tends to stereotype these clients as poorly motivated and low achieving persons who feed on each others' problems and doom the program to failure. In established vocational education programs, CETA clients blend in with other students and are not identifiable.

Short-term projects last typically for twelve months, with paperwork beginning and ending over and over again. These projects have no established reputations, and are capable of hiring only "pick-up" instructors and support personnel with limited experience and skills in working with hard-to-train persons. Some employment and training projects are carried out by institutions which appear "overnight", for the momentary purpose of serving CETA clients, and they receive no support base of local tax dollars. They have little contact with industry and do not have established industry involvement.

Under the six percent supplemental grants, state board and local vocational program officials can plan, with some sense of stability, how to use these dollars to build their established institutions. As shown earlier in the case of Oklahoma, cost per client is low, and placement rates are high. Clients receive all the benefits of those established on-going programs -- the best instructors and a coordinated array of support services. Also, they benefit from the flexibility of the vocational education open entry/open exit system which is uniquely able to meet the individual needs of this targeted population.

Individual clients, as well as institutions and communities, are all winners in the end.

Vocational education's on-going linkages with private employers increases the effectiveness of its services to disadvantaged students. Over the years, vocational education has developed excellent cooperative relationships with business and industry. These relationships include but are far from limited to the participation of employers in vocational education advisory committees which are required under the Vocational Education Act. The cooperative relationships are voluntary and are based on mutual interest, which is perhaps the best motivation in the free marketplace. In Florida, Ohio, Oklahoma, South Carolina, Tennessee, Wisconsin and a dozen or so other states, vocational education provides customized training for workers in new and expanding industries and businesses. In order to provide that service, vocational educators and the employers work as a team to train and upgrade the workforce. This is done without any legislative mandate from the federal government.

In Oklahoma, a typcial state, the Special Schools Division of the State Department of Vocational and Technical Education provides customized training to industries and businesses after the need for such training has been established through a series of meetings between industry and vocational education representatives. The training is customized to the extent that tasks and activities performed on the jobs in the specific industry or business are studied and analyzed so as to fit the training exactly to the need.

Dozens of similar examples can be sited from other parts of the country. The close working relationship between the vocational education and the private sector demonstrated by the customized training programs has yet to be equalled by federally mandated cooperative programs, including the Private Industry Councils under CETA.

Charts 6-12 offer statistics from a number of states which provide customized training programs. These state charts show the number of clients trained through vocational education six percent funds, the companies for which they were trained, and the cost per program.

Thus, the effectiveness of vocational education programs in serving the economically disadvantaged can be documented in terms of placement rates, program continuity and flexibility, and close ties with industry. This success suggests that additional dollars should be utilized to build the on-going capacity and stability of established institutions within communities.

Historical Basis - (There Are Precedents For Establishing A Functional Relationship Between Vocational Education And Federal Employment Training Delivery Systems)

During the late 1950's, the nation was beset with increasing unemployment. To remedy that situation, members of Congress enacted an employment training program containing both short- and long-term training provisions. This legislation was entitled the Manpower Training and Development Act (MDTA).

The short-term provisions of MDTA were designed to train people for the jobs that were unfilled at the time, whereas the long-term provisions were designed to prepare the nation for the "manpower revolution" that was being caused by the technological advancements of the time.

The occupational skills portion was the centerpiece of this comprehensive program and was carried out at the state and local levels by vocational education in a partnership with the public employment service. These two agencies provided a ready combination of resources to launch such a program. The employment service could identify eligible people and occupations. It could then work with vocational education either to mount skills training programs for those occupations in need of workers or to refer clients to other institutions which were better equipped for the training.

In his analysis of MDTA, Garth Mangum of the University of Utah, found that this training system carried out through vocational education institutions provided superior programs for enrollees. The institutions offered training within several occupations, and they had excellent facilities and equipment, in addition to offering the needed support services such as remedial basic education and counseling.

Furthermore, as illustrated in Mangum's Tables 3-2 and 3-3 (Charts 13 and 14), training provided by public vocational education was found to be the least costly and most effective in terms of job placement of the various types of training utilized under MDTA.

As a result of his study, Mangum recommended further use of vocational education to deliver employment training services. "The ultimate goals should be to eliminate the need for 'special programs'...since most MDTA training is sponsored by the public schools, it should be possible to begin to integrate MDTA training with that provided in permanent institutions." (A Decade of Manpower and Training, Salt Lake City, 1973).

With training as the centerpiece of MDTA, 50 percent of its funds were appropriated for actual skills training and placement services. At that time, 50 percent was a sufficient portion and significant enough to achieve the primary purposes of the legislation.

However, with the enactment of CETA, the focus shifted from skills training to a revenue sharing and a public service employment strategy. Training to enable economically disadvantaged individuals to move into private sector jobs became a minor emphasis.

In FY 82, over $8 billion was appropriated to CETA programs. Of this amount, only $3.2 billion was allocated to training programs in general, and only $592 million was used for actual training. Under the current legislation, vocational education receives six percent of the Governor's funds for training.

The change from MDTA to CETA was regressive. The focus on training was dropped, so funds earmarked for vocational education dropped -- from 50 percent to six percent of the funds.

Now in the 1980's we need to return to a federal policy which builds in and ensures a strong, functional relationship between employment training and vocational education. Based on the evidence of cost-efficiency and program effectiveness which we have already shown, and based on historical precedents as documented here, vocational education should have a larger role in the new legislation.

In order to return to the former objectives and design of employment training policy, a significant portion of the funds should flow to vocational education. We believe that that portion should fall somewhere between the percentages appropriated in the two points in history -- between six percent and 50 percent. The amount may not be as high as 50 percent, but it should be substantially higher than six percent.

All of the currently proposed bills attempt to restore training as the centerpiece of federal policy as it was two decades ago under MTDA. And, given the current shortage of federal resources, those limited dollars must be linked with available state and local resources for training, most of which continue to flow in the 1980's into vocational education.

A significant portion of the funds must be available to state and local vocational officials, who can plan, together with local prime sponsor administrators, ways to serve increasing numbers of economically disadvantaged clients who need a "second chance" through established programs. In this way, state and local program planners can expand the capacity of existing institutions, ensuring continuity of quality services. That approach which has proven historically to be the most efficient and effective -- vocational education -- should once again be given a major role in the new legislation. Skill training must be restored as the centerpiece of any new policy, and a substantial part of the training should be carried out within the network of institutions best equipped for the task.

The Vocational Education Network - (Vocational Education Has An Established Network of Programs Offering Training Opportunities In A Variety of Settings Utilizing A Number of Approaches.)

Because vocational education serves a diverse population with a variety of training needs, there are many types of institutions in which vocational education programs are offered. These include area vocational schools, community colleges, technical institutes, and a vast number of skill centers nationwide (See Chart 15). These vocational education delivery systems differ widely from state to state, and from community to community, because they have been developed in response to widely diverse local needs and policy provisions.

Vocational education encompasses preparation for more than 400 occupations, from entry level to highly skilled. Enrollment in the occupationally specific programs is high,numbering 7,708,857 in 1978. Programs may prepare people for particular occupations such as computer programming, or for a group of occupations which utilize similar knowledge, tools and materials, such as the building trades. All occupational education programs place strong emphasis on helping students improve their employability by developing good work habits and attitudes.

The network of institutions is solidly in place, and the programs offered through them have proven to be most cost-efficient and effective in achieving their objectives of job placement and retention in the private sector.

Although vocational education represents a mix of in-school and on-the-job training using many approaches to prepare people for jobs, an effective instructional program includes at least five components:

- Regular contact with business and industry to assess their needs.

- Constant up-grading of the skills of vocational instructors to keep abreast of the changing needs of the workplace.
- Continuing exploration and development of on-the-job training opportunities.
- Frequent revisions of instructional materials to make them appropriate for use in teaching these skills.
- Systematic assessment of student needs in order to supplement job-specific instruction with other instruction as needed to develop basic and employability skills.

A recent study of CETA trainees conducted by Sar Levitan and Garth Mangum found that this delivery system of community colleges, technical colleges, area vocational schools and skill centers provided quality instruction to employment training clients. The facilities and equipment were found to be of high quality and the occupational offerings tended to be broad. Such schools were found to have informal and formal employer contacts, and the CETA enrollee could emerge from a mainstream institution rather than from a stigmatized federal program, with a resulting beneficial impact on self-image and career expectations.

Because of the vast amount of local participation in vocational education, programs are consistently revised and modified to meet community needs. For example, "quick-start" programs have been initiated to provide immediate training, and industry specific programs have been formulated to offer training designed for localized needs.

However, these localized programs do not operate in a vacuum. They are part of a permanent system which has been designed to build continuity of training over a period of time. These programs include a combination of long- and short-term training and can be designed to provide instruction for either immediate or long-range skill needs.

In Shreveport, Louisiana, the Chamber of Commerce, the vocational center and General Motors joined together in 1980-81 to provide customized training to well over 3,000 youths and adults to qualify them for higher paying production jobs in the new GM plant. In Middlesex County, Connecticut, on the other hand, the Chamber of Commerce and the local vocational-technical center joined with a large number of small- and medium-size electrical and machine tool industries to train machine operators. The program proved so successful that it has now been going on for two years and also has been adapted to other industries in Connecticut.

In Kentucky, the excellent relationship between vocational education and CETA has resulted in utilization of 12-15 percent of the total CETA monies for vocational education activities. This includes the six percent Governor's grant and direct contracts between prime sponsors and vocational institutions.

Although no statewide aggregated figures are available, a sample of programs in selected occupations show the following costs per placement in 1981:

Nurses Aid	$ 500
Clerical, Business and Office	1600
Licensed Practical Nurse	1700
Trade and Industrial	3500

Much of the variation in cost per placement is due to differences in program length and cost of equipment and supplies, rather than to lower percentages of placements.

The Manpower Training Unit of the Kentucky Bureau of Vocational Education serves as the coordinating unit and maintains its liaison with all the prime sponsors in providing services and training programs. Instructors must meet the requirements of business and industry. The various service units of the Bureau of Vocational Education are consulted concerning CETA program development. All trainees are selected by the prime sponsors or its designee.

In 1979-80, 144 combined Vocational/CETA programs provided training and related services to 4,510 participants at an estimated training cost of $3,891,325 (an average $862.82/participant).

Minnesota Area Vocational-Technical Institutes (AVTI) used vocational education six percent monies totaling $1.3 million to serve 2,031 participants last year. This averaged $640/client. Of the participants, 564 were served by AVTI counselors in the Rural Minne-CEP (Concentrated Employment Program, a non-profit corporation in northern Minnesota) and 1,467 received training in other programs.

In addition, many of the prime sponsors enroll CETA clients in public and private vocational training schools in the state. The enrollment of CETA students in the area vocational-technical institutes in October 1980 was 2,205 and on January 1, 1981, there were 2,007 full-time students. The placement rate from these programs is about 94 percent. The average hourly wage of those CETA clients placed in jobs was $4.58 in 1981.

The growth of CETA enrollment in the AVTI system is an excellent example of systems working together to serve a common goal. In January 1975, 563 CETA clients were enrolled in AVTI's; in October 1979, 1,545 clients; and in January 1981, 2,007 clients.

While monies are channeled through the vocational education system, a variety of training facilities are used. Private schools in the metro areas provide about 58 percent of the training while vocational schools provide 40 percent. Colleges are involved in less than 2 percent. In rural areas, private schools provide about 4 percent, colleges about 20 percent and vocational schools more than 76 percent.

Vocational education's relationship with industry and business is based on mutual trust, credibility and self interest. Business and industry have found, after years of working together, that vocational education can be relied upon to provide the training services when and where they need them.

Instruction is provided to the trainees wherever it is most convenient to the trainees and the companies that hire them. In some cases, the classes are held on the employer's premises in order to make use of the facilities and equipment specifically related to the skill training. All through the training period, the employer and the vocational educators work closely together exchanging instructors, facilities and equipment. Close liaison is maintained, even after the training, through periodic follow-up.

In studies of companies conducted for the Ohio State University, it was found that more than half of the respondents said their companies benefitted from vocational education programs while only 16 percent said there was no benfit. (Twenty-five percent of the respondents did not answer the question.) Sixty percent said that new employees with a vocational education background required less training than nonvocational graduates for the same type of job.

Eighty-five percent of the employers surveyed said they would hire a vocational education graduate rather than a nonvocational graduate for a job requiring less than a four-year degree if training experience, and other factors were equal. Only 4 percent said they would not.

Thus, through its network of institutions and programs, vocational educators are able to utilize the CETA six percent funds to prepare economically disadvantaged individuals for employment. A variety of training programs, often working in direct collaboration with industry, combine the "best of all worlds' in order to provide the needed services. State and local officials can plan strategies to utilize employment training dollars in ways to build the on-going, long-term capacity of established institutions. More people are served, less expensively, and they become productive in private sector jobs. Employers participate in these programs, and they are most pleased with the results.

IV. ANALYSIS OF PROPOSED EMPLOYMENT TRAINING LEGISLATION

We have reviewed existing legislative proposals in the light of 12 concerns. In the following analysis we would like to discuss elements within each of these areas with which we agree and offer suggestions for changes or improvement where we feel they are needed.

Purpose

We are pleased that the primary purpose of each bill is to provide the training services necessary for the economically disadvantaged to obtain and retain private sector employment. Past experiences should have taught us that there are no short cuts to this goal. The economically disadvantaged participants in these programs must be given the knowledge and skills required to perform in the workplace, and this is generally not done quickly.

Our major concern with the stated purpose of the various proposals is that they emphasize only a federal job training program rather than calling for an approach that would use a portion of the federal investment to assist states and local communities to build an on-going capacity to serve economically disadvantaged people through established institutions and programs.

Clientele

We believe that employment and training legislation to serve economically disadvantaged individuals should be limited to out-of-school youth and adults. We propose that the vocational education legislation, which is also scheduled for reauthorization, is the appropriate place to address federal initiatives for in-school economically disadvantaged youth.

Allowances and Stipends

The proposed bills differ considerably in regard to stipend and allowance provisions for persons pursuing training. In the past, such payments have often been greater than anticipated earnings after completion of the training program.

We believe that a modest training allowance is essential to enable many trainees to live while they learn. However, it should be dependent upon successful progress in the program, and in no case should it be so large as to become an incentive for remaining in the training programs rather than moving into private sector employment.

Planning Process

We support provisions that would strengthen the involvement of private sector employers in planning and conducting programs that are in tune with workplace requirements. However, we do not agree with an approach that would impose a new state and local governance structure for employment training programs that is not accountable to local taxpayers.

We would also oppose any effort through employment training legislation to authorize the governor to replace state and local advisory councils for vocational education with Private Industry Councils established under new employment training legislation. Any effort to gain control of vocational and technical education programs, which receive significant support from state and local governments, would result in a serious erosion of support for employment training efforts.

Recipient of Funds

Vocational educators wholeheartedly agree with the concept of involving private employers in job training programs. Our own long history of collaboration attests to this support.

However, we would oppose efforts to make the Private Industry Council the primary determiner of who is to receive funds at the local level. We cannot afford to take another half dozen years to educate a new set of actors concerning the elements that must be present in quality training programs. We prefer to continue the system of prime sponsors at the local level with the Private Industry Councils having joint planning responsibilities.

Occupational Information System

We support the emphasis on providing labor market information at the national and state level as a basis for planning vocational education and training programs.

However, we find it difficult to understand why we need to go to the expense of creating new systems for doing this. The Departments of Labor and Education have made substantial strides since 1976 in producing usable occupational information through the National Information Coordinating Committee and the State Occupational Information Coordinating Committees. We believe that this effort, established under public laws 94-482 and 95-524, should be the basis for obtaining the additional labor market information deemed necessary to assist in local and state planning.

Services to Clients

All legislative proposals call for a wide array of services to clients, focusing on long-term intensive training combined with remedial instruction in the basic skills, on-the-job experience and support services such as outreach, career assessment, counseling and placement. Yet only one of the bills recognizes vocational education as a means for delivering these services and none of the bills recognize the comprehensive nature of vocational education.

As defined in P.L. 94-482, vocational education is "vocational or technical training or retraining which is given in schools or classes (including field or laboratory work and remedial or related academic and technical instruction incident thereto) under public supervision and control or under contract with a state board or local educational agency and is conducted as part of a program designed to prepare individuals for gainful employment . . . in recognized occupations and in new and emerging occupations or to prepare individuals for enrollment in advanced technical programs . . . and such term includes vocational guidance and counseling (individually or through group instruction in connection with such training or for the purpose of facilitating occupational choices; instruction related to the occupation or occupations for which the students are in training or instruction necessary for students to benefit from such training; job placement . . . "

Any new employment training legislation should reflect this broad view of vocational education and build uopn these comprehensive national vocational programs which are already in place in thousands of communities across the country.

Linkages Between Employment Training and Vocational Education

Current legislative proposals call for several types of linkages between vocational education and the employment training community. One calls for the inclusion of vocational educators on the Private Industry Councils. Other linkage proposals call for the coordination of councils with existing vocational education advisory councils in identifying training and employment needs and in reviewing plans and assessing programs. One proposal asks that local prime sponsors provide evidence that they consulted and coordinated activities with a variety of agencies, including vocational education.

However, none of these disparate linking provisions provide for a true functional relationship between employment training and vocational institutions and programs. They represent isolated activities that would not set in place the required provisions to link the two efforts in a comprehensive fashion. They do not establish a means of fully integrating federal, state and local resources and initiatives. Further, these provisions do not reduce overlap and duplication of services.

Evaluation and Accountability

Educators must be held accountable for achieving reasonable, measurable objectives. Each of the proposed initiatives calls for the review and evaluation of programs in terms of both operations and outcomes based on performance goals.

Yet, vocational educators are not willing to be held accountable for particular results if they do not have a say in establishing the factors which affect those outcomes. These factors include such elements as client selection, program assignment, the mix of appropriate services to serve the needs of a client, the extent of training time, program content and placement. Vocational educators must be given some control over such decisions if they are to be held accountable for results.

The most successful local CETA programs today are those in which the prime sponsor respects the experience of vocational educators and shares the decision-making in these areas. Through such cooperative efforts, realistic plans are developed and carried out in a team approach and in relation to measurable results which benefit the student, the labor market and the entire community.

Performance Criteria

Most employment training policies, both existing and those proposed, focus on placement and the reduction of welfare payments as the primary measures of program performance. They do not take into consideration variations in local labor market conditions or the importance of stressing improvement in basic educational or occupational skills competencies as measures of success.

Vocational educators have learned the importance of considering a wide range of performance standards for any program. Other measurable and worthwhile performance criteria might include reduced unemployment, increased productivity and higher standards of living for the community. Individual success could also be judged on the basis of competency achievement and on a variety of intrinsic and extrinsic rewards which participants indicate they have received as a result of their enrollment in the program.

Migrant Workers

Proposals call for specific funding of programs for migrant and seasonal farm workers. We recognize that programs to serve these workers are sorely needed because of chronic unemployment and underemployment of seasonal workers in the agricultural industry.

However, we believe that Congress should utilize the vast and comprehensive network of vocational agricultural programs it has supported since 1917 to achieve this goal. The objectives of existing programs are compatible with proposed programs included in employment training proposals. To eliminate duplication of programs, administrative services and facilities and to utilize existing programs and facilities most effectively, we believe it is critical that the nation's vocational agriculture programs be called upon to conduct these programs. The focus of this effort should be on providing services in those states with the largest numbers of these seasonal workers.

Displaced or Dislocated Workers

New proposals contain initiatives to fund training programs for displaced or dislocated workers. However, new linkages with the state board for vocational education and the state employment service are called for in achieving this objective.

We recommend that the state board for vocational education in each state should be designated to provide the training for these workers. The state employment service should be responsible for identifying individuals needing training for referral to appropriate vocational education training programs.

We believe that this course is imperative because vocational education agencies and institutions in all states already have on-going programs through which they can provide customized, in-plant training done to an industry's specifications. To establish a separate system for training displaced workers is again an unnecessary duplication of training programs and a less effective means for accomplishing the goal of job training and retraining for displaced workers.

V. THREE QUESTIONS WHICH MIGHT BE ASKED ABOUT OUR PROPOSALS

In our deliberations with other groups and individuals concerning the best design and content of new employment training legislation, three questions are frequently posed. In this section, we will raise and answer those questions:

1. If vocational education were to receive a significant portion of federal employment training funds, why should vocational education not have to match those funds?

   As illustrated earlier in our cost-efficiency section, the cost to train participants in mainstream vocational education programs (tied to state and local resources) is half that of direct federally-funded programs. These established programs should not be penalized or subject to a disincentive with a required match. If a match were required, it would force more dollars into the more expensive "project" system (100% federally funded) which, as shown, serves fewer people less effectively.

   However, we are requesting that in order to receive funds, state and local officials should be required to submit plans showing how the federal employment training dollars would be used, including showing how they would be linked with state and local resources. If a significant portion of the federal dollars were earmarked for vocational education, state boards of vocational education could plan in conjunction with a committee of private employers and local vocational educators for the use of the funds in a way that would build the on-going capacity of established institutions to serve economically disadvantaged individuals.

2. Why should this functional relationship be established with vocatonal education specifically, rather than with education in general?

Vocational education is the program element within the broad spectrum of education which is responsible for preparing people for jobs. Vocational education is not designed to prepare students for further education rather, vocational education is designed to prepare them for employment. And, since the centerpiece of the proposed new legislation is training for jobs, then vocational education specifically should be tied directly to the new policies and guidelines. Further, the uniqueness of vocational education programs -- their flexibility, accountability, continuity -- is most appropriate and necessary in working with economically disadvantaged individuals (particularly out-of-school youth and unemployed or underemployed adults). Vocational education provides a network of institutions which can tie basic skill instruction and the array of necessary special services (assessment, counseling, remedial instruction) to occupational objectives. Those educators who have that responsibility and the expertise to prepare people for work ought to be the educators who work with employment training personnel.

3. Why must the functional relationship between employment training and vocational education be made at the state as well as the local level?

In most states, a particular state agency has the designated responsibility for planning, coordinating, and reviewing employment training programs. Since these programs are typically more expensive, and since a large portion of the resources come from the state, every effort must be made, on a statewide basis, to avoid duplication and overlap. New programs and institutions should not be started up, under employment training legislation, in communities where the same types of programs and institutions already are established. The capacity of those existing programs and institutions should be expanded sufficiently, with employment training funds, to serve the economically disadvantaged.

Planning at both the state and local levels is necessary in order to insure the necessary services for this special population. At the state level, the plan should show how employment training funds will be utilized, together with state and local resources, to build a capacity to serve the economically disadvantaged. At the local level, required joint planning should illustrate how the existing capacity will be expanded with these additional federal funds.

Through combined state and local planning with the private sector, a true functional relationship between employment training and vocational education will illustrate to taxpayers that all dollars are being spent in the most cost-efficient and effective manner.

SUMMARY

In this statement we have attempted to build a case for the creation of a functional relationship between employment training and vocational education. This direct connection must be made clear in any new employment training legislation. The purpose would be to direct federal dollars to the expansion of the existing capacity of communities to prepare economically disadvantaged individuals for private sector employment.

We have presented evidence that training within established vocational education institutions is the most cost-efficient and effective. We have presented the historical precedent for allocating funds to vocational education and have acquainted you with the network that exists. Finally, we have suggested certain provisions which might be built into the new legislation in order to achieve the proposed functional relationship.

One concluding suggestion would be that the members of this Committee not take my word in terms of the case built here. I suggest you make contact with your own state and local officials and investigate exactly how the six percent funds for employment training have been utilized. Look at their cost-efficiency and effectiveness as compared to the 100% federally-funded project approach.

We are pleased that training is once more the focus of proposed employment training legislation. We in vocational education look forward to the chance to work with you to assure that training is provided in the most cost-efficient and effective manner possible.

We believe that these goals can be achieved if the employment training program is changed from a totally federal program to one in which the federal government assists states and local communities to establish and sustain effective programs for meeting the needs of economically disadvantaged people.

Finally, we believe that through a strengthened relationship with vocational education, we can build on our nation's already existing training capacity toward the goal of achieving an on-going ability to prepare our most impoverished citizens for productive, rewarding employment.

(Note: In the interest of economy, a number of charts submitted for the record with this statement were retained in the files of the committee.)

Representative HAWKINS. Thank you, Mr. Bottoms.

Ms. Pattie Powell.

Ms. POWELL. Mr. Chairman and members of the subcommittee, I am Pattie Powell, trustee from the Dallas County Community College District, and chairman of the Federal Relations Committee for the Association of Community College Trustees. You have my prepared statement.

The community and technical college trustee organizations of the following States have asked to be associated with my statement: Florida, Illinois, Michigan, Washington, Iowa, Maryland, Kansas, Oregon, and Texas.

Your joint hearings point out for us the subcommittees' deep concern about employment and productivity, and the trustees of the Nation's community and technical colleges surely share your sense of concern. We are just as eager as you are to develop a national policy that will achieve the highest fulfillment of our Nation's human resources.

ACCT's Board of Directors adopted a statement last month. In part it says:

> Whatever training bill replaces CETA must give stronger focus to the established institution already giving comprehensive occupational courses, and stronger emphasis to high-tech skills needed to increase national productivity . . . H.R. 5320 and S. 2036 as written continue to ignore the Nation's strongest community-based training resources already in place in every major American community in all 50 States, which is the community and technical college. These bills would best serve the training needs of the country by fully utilizing these proven training institutions. They certainly must be represented on local and State decisionmaking councils.

For the Nation as a whole, as our accompanying data will show, the community and technical colleges have become both the largest base of higher education and the largest provider of postsecondary accredited work force and career training. Equally important, we continue to be the fastest growing bastion of both.

Our 1,200-plus schools this year have some 5.2 million students in academic degree programs, and more than 60 percent of the students are specializing in occupational courses. The numbers making noncredit use of the community and technical colleges are known to be equally large, although the data is more difficult to verify.

Of these numbers, a high percentage, again, are using these 2-year colleges as a base to enhance their career skills.

In our brief testimony, we would like to offer three points:

First, if increased productivity is the primary goal in a national jobs program, and obviously it is, then a program that simply recycles the jobless into entry-level skills is not enough. We know the bitter frustration of those who receive such training only to find the jobs don't exist. At the funding levels that the proposed budget and your bills provide, you are likely to receive and achieve greater results if the training is focused on the advanced technologies where the real job opportunities exist, and the community college is the established and nationally recognized vehicle for training students in the advanced technologies.

One lesson that we have drawn from CETA is that the greater strides will not come from recycling the disadvantaged and the jobless for entry-level work but in accelerating the flow of the skilled, the semi-skilled and the underemployed into the advanced technologies where global competition is leading us.

Only when those whose abilities and experience warrant training for these new technologies are actually flowing into that demand, and perhaps only then, will significant openings in the employment that they have left develop for the less skilled.

Second, we believe, again for reasons of both effectiveness and economy, that greater use should be made of existing delivery systems, meaning the accredited institutions that already have developed comprehensive programs in the advanced technologies which provide the new jobs.

Leading employers already are served by what we call employer specific programs. These are the courses the community colleges have developed to fill a particular employer's defined needs, and these are happening all over the country. They are courses that qualify the personnel for specified new jobs, or save existing jobs by imparting new skills.

These delivery systems are ignored in the existing program. Your new legislation provides the vehicle to rectify this oversight.

Our third point is simply an extension of the first two. The legislation should specify the community and technical colleges, given their cost effectiveness and the magnitude of the mission that they already perform, should be specified in the legislation for representation both at the highest levels of the decisionmaking structure in the States, and among the enumerated delivery systems that provide the actual services.

In closing, I would like to read from the NBC White Paper, "American Works When America Works," and this is an excerpt that I feel is very important:

> The impact on people is not caused by change. It is caused by the speed of change, and there has never been a period when change occurred more rapidly than it does now. That rapidity creates imbalance. In Youngstown, Pa., there are a lot of work-

ers but no work. In San Jose, Calif., there is a lot of work but no workers. Demands for skills go up as high school test scores go down. Industries are investing more in advanced machines and governments want to spend less on people. Imbalances.

There has been one period similar to this, and that was in England 200 years ago. It totally changed the way we live, and has, as historians refer to it, been called the Industrial Revolution. Compared to what is happening now, the Industrial Revolution was a Sunday afternoon stroll.

We will adjust and the problem will be solved and we will pay for it. We have only to answer this question in terms of our economy, in terms of our people, and in terms of our pride: Which costs less, training or welfare?

Thank you.

[The prepared statement of Ms. Powell follows:]

Testimony by PATTIE POWELL,
Trustee of the Dallas County Community College District,
Member of the Board of Directors of the Association of Community College Trustees,
and Chairman of the ACCT Committee on Federal Relations,
and Member of the Commission on Governmental Relations of
the American Association of Community and Junior Colleges,
before the joint hearings of
the House Subcommittee on Employment Opportunities, and
the Senate Subcommittee on Employment and Productivity,

March 17, 1982
Washington, D.C.

MR. CHAIRMAN, your joint hearings point up for us the Subcommittees' deep concern about employment and productivity, and the trustees of the nation's community and technical colleges surely share your sense of concern. We are just as eager as you are to develop national policies that achieve the richest fulfillment of our nation's human resources, and in that spirit I would like the record to include a list of the trustee associations in the several States that want to be associated with our national organization, the Association of Community College Trustees, in this testimony.

ACCT's Board of Directors last month adopted a statement intended to focus our interest in the bills you are considering. It said in part:

2. "Whatever training bill replaces CETA must give stronger focus to the established institutions already giving comprehensive occupational courses, and stronger emphasis to high-tech skills needed to increase national productivity.. . . . H. R. 5320 (Hawkins' bill) and S. 2036 (Quale bill) as written continue to ignore the nation's strongest community based training resource which is the community and technical colleges. These bills would best serve the training needs of the country by fully utilizing these proven training institutions. They certainly must be represented on local and state decision-making councils."

It should be said at the outset that CETA represents a milestone. It has provided a foundation and an experience which should enable federal, state and local agencies, working together, to achieve still greater gains on a smaller commitment of resources. The several bills before you all reflect this aim.

In the States where the CETA agencies and the community colleges have made a special effort to work together, such as Iowa -- and I will mention Iowa again later -- some healthy strides have been achieved. And in the States where CETA and the community colleges would seem to have ignored each other, I think our own community college leadership must share in the blame.

We ought to have been more proactive in cultivating the Private Industry Councils (PICs) and the prime sponsors and asserting our availability as a delivery option. Whatever the mold of the new legislation, I feel certain the community and technical colleges will be more assertive. I hope we've learned our lesson. And there are many reasons why we should be an obvious option, if not the presumptive delivery system, in most States. We approach presumptive status in North Carolina, where the Governor last year designated 1981 as the "Year of the Community College," and where some 360,000 students currently are in training in the community colleges to fill specific jobs in industry.

For the nation as a whole, as our accompanying data will show, the community and technical colleges have become both the largest base of higher education and the largest provider of postsecondary accredited workforce and career training. Equally important, we continue to be the fastest growing bastion of both. Our 1,200 colleges this year have some 5.2 million students pursuing credits and degrees, and more than 60 percent of these students are specializing in occupational courses. The numbers making noncredit use of the community and technical are known to be equally large, though the data is harder to verify. And of these numbers, a high percentage again are using the two-year colleges to enhance career skills.

In our brief testimony, we would like to offer three points:

First, if increased productivity is a primary goal in a national jobs program, and obviously it is, then a program that simply recycles the jobless into entry-level skills is not enough. We know the bitter frustration of those who receive such training only to find the jobs don't exist. At the funding levels that the proposed budget and your bills provide, you are likely to achieve greater results if the training is focused on the advanced technologies where the real job opportunities are emerging.

One lesson we've drawn from CETA is that the greater strides will not come from recycling the disadvantaged and the jobless for entry-level work but in accelerating the flow of the skilled, semi-skilled, and underemployed into the advanced technology where global competition is leading us. Only when those whose abilities and experience warrant training for the new technology are actually flowing into that demand, and perhaps only then, will significant openings in the employment that they have left develop for the less skilled.

Second, we believe, again for reasons of both effectiveness and economy, that greater use should be made of existing delivery systems, meaning the accredited institutions that already have developed comprehensive programs in the advanced technology which provides the new jobs. In community after community, leading employers already are served by what we call "employer specific" programs. These are the courses the community college has developed to fill a particular employer's defined needs. They are courses that qualify the personnel for specified new jobs, or save existing jobs by imparting new skills. Your new legislation provides the vehicle to rectify this oversight.

The trend is graphically illustrated by General Motors, which recently dropped its own mechanics training program in favor of contracting with 60 community colleges across the nation to train the new "Mr. Goodwrenches" who will repair and service GM's new generation of computerized autos. GM has discovered this training can be done at lower costs, and with broader benefits to the learner, through the community colleges than on an in-house basis. Other employers in hundreds of communities already have reached similar conclusions.

Our third point is simply an extension of the first two. The legislation should specify that community and technical colleges, given their cost-effectiveness and the magnitude of the mission they already perform, should be specified in the legislation for representation both at the highest levels of the decision-making structure in the States and among the enumerated delivery systems that provide the actual services.

In closing we hope you will permit two additions to this record. One is a letter from Iowa, referring to its effective applications of CETA in the two-year colleges. The other is the ACCT/AACJC "fact folder," which provides capsule data on the community colleges. We thank you again for this opportunity to testify, and we would welcome any questions.

Representative HAWKINS. Thank you.

The next witness is Mr. Dale Parnell.

Mr. PARNELL. Mr. Chairman and members of the subcommittee: You have tremendous endurance. I admire that a great deal.

Thank you for allowing us to appear today.

My name is Dale Parnell. I am president of the American Association of Community and Junior Colleges. I appreciate this opportunity to offer you the resources of the 1,231 community, technical and junior colleges across the country.

We are a proven partner in the job training enterprise, indeed in the CETA enterprise. We have an exemplary record in working with the CETA programs across the Nation. In fact, we have become the workhorse of the job training programs.

Community, technical and junior colleges serve a large proportion of disadvantaged students, they enroll far more minority students than any other sector of postsecondary education, and we also enroll far more handicapped students, those particularly who are sensory-handicapped.

Given the substantial involvement of postsecondary institutions in the CETA programs and the tremendous resource they represent, it is not surprising that we are here today to urge you to include us in any new CETA-type legislation. We have carefully examined the bills that have been introduced and a draft of a bill being considered by the administration. We find much to commend in them. At the same time we are disappointed that the postsecondary institutions are not generally recognized and especially disappointed that community, technical and junior colleges which clearly offer some of the best resources and programs available for employment training are not specifically mentioned.

We do have four recommendations for you, and in answer to Senator Quayle, I would address my first recommendation with regard to his question: Can the education community get together? I really haven't discussed this with my colleagues at the table, but let me try one on you.

Our first recommendation, in answer to Senator Quayle, is that language be included in the bill that would direct the Governors to allocate the majority of the training funds to the State agencies responsible for vocational education and training for distribution to existing accredited institutions that provide education and training for disadvantaged individuals.

It seems to me that we might even have a national contest, and give a part of the money to those institutions and part of it to the other institutions, the mayors and county supervisors, and let us just find out how many people we can place on jobs. The good old American free enterprise system might work here.

At the local level, in our opinion there is nothing more wasteful and distressing than the creation of another training agency when established and accredited training agencies are available and anxious to assist. Training programs are expensive, especially those that require hands-on experience with modern equipment and expensive materials.

We see the shortage of skilled workers so important that if necessary we ought to be using those facilities 7 days a week, 24 hours a day, facilities and instructors and equipment.

Community, technical and junior colleges support the rigorous performance criteria specified in Senate bill 2036. Allow me to give you one example, just for your thought.

The human resources development program of the North Carolina Department of Community Colleges provides structured pre-vocational training, counseling and assistance into permanent employment or further educational training for the chronically unemployed and underemployed adults. This program, which was begun in 1969 and now operates in 45 of the 58 community colleges or technical institutes of that State, have done this: They have something they call the earn back index. The continuation of funding is dependent upon the economic performance of program graduates. It is funded by one type of competitive, efficiency funded model. The model requires calculation for each program of a composite earn back index. The index is determined by adding the aggregate increase in graduates' income for the first 12 months after training to the decrease in graduates' public assistance receipts for the same period. The total is then divided by the training costs.

For example, the earn back index for the fiscal year 1980-81 is 2.04. This means that the program paid for itself in the form of increased income and decreased public assistance payments two times over.

I urge you to think about the earn back index as a way of looking at the investment in CETA.

A second recommendation is the legislation require that postsecondary institutions be represented on local private industry councils and on State job training councils. I think this is necessary to insure that the resources of these institutions are considered when program plans are developed.

We don't think we are the only game in town. We just think we are one of them, and certainly should be considered.

Our third recommendation is this: Postsecondary education in general, and community, technical and junior colleges in particular, cannot, indeed dare not, be allowed to sit on the sidelines during this time of high unemployment on the one hand, and skilled worker shortages on the other. We urge you to use those resources and offer you those resources to use.

Our final recommendation is this: This whole program, not necessarily just CETA, but the whole job training program is so fragmented at the Federal level that we urge you to think about establishing some type of Cabinet-level commission for employment development and training to serve as the coordinating, rule, regulation, and development body to implement the policies established by Congress.

Such a commission might be composed of the Secretary of Commerce, the Secretary of Labor, the Secretary of Education, the Secretary of Defense, the Secretary of Agriculture, perhaps the Secretary of Health and Welfare. We would even urge further, perhaps, the Secretary of Commerce could chair this group and provide the staff work required. We are not advocating a new agency or even a new expenditure of funds, but we are advocating that perhaps it is time to bring the fragmented Federal job training house into order.

Mr. Chairman, to summarize, postsecondary institutions, and particularly community, technical, and junior colleges are tremendous national training resources that must be fully utilized to help prepare the Nation's unemployed and underemployed for productive and satisfying employment. We are ready, we are willing and able to help.

Representative **Hawkins**. Thank you. Mr. Eicher, I understand, is not present. Is that true?

[The prepared statements of Mr. Parnell and Mr. Eicher follow:]

Testimony

on

PROPOSED JOB TRAINING ACTS

By

Dr. Dale Parnell

President
American Association of Community and Junior Colleges
Washington, D.C.

for the

House Subcommittee on Employment Opportunities
and
Senate Subcommittee on Employment and Productivity
U.S. Congress

March 17, 1982

Mr. Chairmen and Members of the Subcommittees:

My name is Dale Parnell, President of the American Association of Community and Junior Colleges (AACJC). I appreciate this opportunity to present the views of AACJC and the 1,231 community, technical and junior colleges it represents.

First, I want to emphasize that postsecondary institutions do provide numerous training programs, services, and technical assistance under CETA-funded programs. In the summer of 1976, AACJC surveyed its members and identified almost five hundred community colleges participating in CETA-funded programs. Included were training programs in a wide range of occupations such as clerical, automotive, licensed pratical nursing, welding and carpentry. Supportive services were also provided, such as counseling, health services, job placement, and work orientation. Basic skills were offered through special skills centers and regular classes. In 1979 AACJC prepared and announced the availability of a publication describing how community colleges could participate in CETA. Requests for the publication were amazing and it proved to be one of the most popular publications the Association ever printed.

A more recent study was completed by the American Council on Education. This 1981 survey identifies more than one thousand community colleges and state universities offering CETA-funded programs and services. The majority of these are community and technical colleges which offer instruction in job specific skills and provide educational support services, including personal assessment, counseling, basic skills instruction, job development, placement and follow-up. The remainder are state colleges and universities that tend to be involved in manpower and related research, program and policy evaluation, technical assistance and continuing education programs. The point is that postsecondary institutions are actively involved in

CETA and vitally interested in the future of training programs. Community, technical and junior colleges are a tremendous resource for job training. They currently number 1,231. Many are multi-campus or multi-center operations which places them in easy commuting distance of more than 90 percent of the nation's population. One of their major programs is the preparation of individuals for job entry and upgrading.

Community, technical and junior colleges also serve a large proportion of disadvantaged students. According to the Applied Management Sciences study of students enrolled in academic year 1979-80, 45 percent of the students enrolled half-time or more at community colleges came from families with incomes less than $15,000. In the fall of 1980, 35 percent of the first time freshmen attending two-year colleges came from families with incomes of $15,000 or less.

They enroll far more minority students than any other sector of postsecondary education - 27 percent of the full-time and 20 percent of the part-time students at two-year colleges are from minority groups. This represents more than half of the minority undergraduates enrolled in postsecondary institutions.

Handicapped students select community colleges. According to the National Center for Education Statistics, in the fall of 1978 over 50 percent of the handicapped students enrolled in postsecondary institutions attended community colleges.

Given the substantial involvement of postsecondary institutions in CETA programs and the tremendous resource they represent, it is not surprising that we are here today to urge you to include us in on any new CETA-type legislation. We have carefully examined the bills that have been introduced and a draft of a bill being considered by the Administration. We find much to commend in them. At the same time we are disappointed that postsecondary institutions are seldom recognized. We are especially disappointed that community, technical, and junior colleges, which clearly offer some of the best resources and programs available for employment training, are not specifically mentioned.

Recommendation #1

One of our major recommendations is that language be included in these training bills that will give priority attention to the utilization of existing accredited training institutions. This is required to insure successful training programs, to avoid duplication, and to provide effective training programs at a reasonable cost. At the local level nothing is more wasteful and distressing than the creation of another training agency when established and accredited training agencies are available and anxious to assist. Training programs are expensive, especially those that require hands-on experience with modern equipment and expensive materials.

We are seeing today tremendous shortages of skilled workers, i.e., machinists, electronic technicians, tool and die makers, computer programmers and technicians. Community and technical colleges are particularly well suited to train individuals for technical and service occupations. Furthermore, that is where the jobs are today and in the foreseeable future.

Community, technical, and junior colleges do provide quality training. They also can meet the rigorous criteria specified in S. 2036, Training for Jobs Act. Allow me to give you one example, the Human Resources Development Program (HRD) sponsored by the North Carolina Department of Community Colleges provides structured pre-vocational training, counseling, and assistance into permanent employment or further educational training for chronically unemployed and underemployed adults. The program, which was begun in 1969, now operates in 45 of the 58 community colleges or technical institutes with a state appropriation of $2,636,987. HRD's legislative mandate is to reduce welfare payments, unemployment, and underemployment by making it possible for the chronically unemployed to become and remain productive employees.

The continuation of HRD funding is dependent on the economic performance of program graduates. HRD is funded by one type of competitive efficiency funding models. The model requires calculation for each local program of a composite efficiency index, or, as it is called by program personnel, an earnback index. The index is determined by adding the aggregate increase in graduates' income for the first 12 months after training to the decrease in graduates' public assistance receipts for the same period; the total is then divided by training costs. For example, the efficiency index for FY 1980-81 is 2.04. That means the program paid for itself in the form of increased income and decreased public assistance payments two times over.

Recommendation #2

Our second recommendation is that legislative language require that postsecondary institutions be represented on the local Private Industry Councils and on the state Job Training Councils. This is necessary to insure that the resources of postsecondary institutions are always considered when program plans are developed at the local level and approved at the state level.

Recommendation #3

Our third recommendation is this. Postsecondary education in general, and community, technical, and junior colleges in particular, cannot, indeed dare not, be allowed to sit on the sidelines during this time of high unemployment on the one hand, and skilled worker shortages on the other hand.

Recommendation #4

Our fourth recommendation is to monitor and coordinate the currently fragmented authority for federal job training programs. One approach would be to establish a Cabinet level Commission for Employment Development and Training to serve as the coordinating and rule/regulation development body to implement the policies established by Congress. Such a Commission might be composed of the Secretary of Commerce, Secretary of Labor, Secretary of Education, Secretary of Defense, and Secretary of Agriculture. The Secretary of Commerce could chair this group and provide the staff work required.

Mr. Chairman, to summarize, postsecondary institutions and particularly community, technical, and junior colleges are a tremendous national training resource that must be fully utilized to help prepare the nation's unemployed and underemployed for productive and satisfying employment. We are ready, willing and able.

INDIANA VOCATIONAL TECHNICAL COLLEGE
Office of the President

March 17, 1982

The Honorable J. Danforth Quayle
U. S. Senator
363 Russell Building
Washington, DC 20510

Dear Senator Quayle:

Please accept my sincere apologies. I am embarrassed that I was unable to keep my appointment to testify before your sub-committee on March 17th, thanks to TWA's delaying my morning flight to Washington from Indianapolis. It is obvious, now, that I should have scheduled myself into Washington the night before. I am especially disappointed since I had made a particular point of wanting to testify.

My formal testimony had been sent to Mr. Guttman's attention and I've attached a copy of the oral testimony which I had planned to give. Hopefully, it can be made a part of the record.

I trust that the absence of a fellow Hoosier caused you no embarrassment, and again apologize for my failure to appear. Ms. Violet Thompson has been exceptionally helpful and her dedication is to be commended.

Sincerely yours,

Mike Eicher

M. M. Eicher
President

MME/cc

Enclosure

cc: Robert Guttman ✓
Violet Thompson

match job opportunities with job skills."
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MR. CHAIRMAN...MEMBERS OF THE SUB-COMMITTEE. I APPRECIATE YOUR INVITATION TO TESTIFY IN FAVOR OF THE TRAINING FOR JOBS ACT. MY NAME IS MIKE EICHER AND I AM PRESIDENT OF THE INDIANA VOCATIONAL TECHNICAL COLLEGE...A STATEWIDE, STATE-SUPPORTED, POST-SECONDARY INSTITUTION COMPRISING 13 REGIONAL INSTITUTES AND 25,000 STUDENTS. I AM ALSO A MEMBER OF THE BOARD OF DIRECTORS OF THE PRIVATE INDUSTRY COUNCIL OF INDIANAPOLIS AND PRIOR TO ENTERING EDUCATION WAS PRESIDENT OF HICKORY FARMS OF OHIO, A NATIONWIDE, FRANCHISE OF SPECIALTY FOODS RETAIL STORES.

TODAY, HOWEVER, I OFFER THIS TESTIMONY AS THE SPOKESPERSON FOR THE 13 VICE PRESIDENT/DEANS OF THE INDIANA VOCATIONAL TECHNICAL COLLEGE AND THE 46 AREA DIRECTORS OF SECONDARY VOCATIONAL EDUCATION THROUGHOUT THE STATE OF INDIANA. THIS COMBINED GROUP OF SECONDARY AND POST-SECONDARY VOCATIONAL EDUCATION ADMINISTRATORS HAS BEEN WORKING DILIGENTLY TO ARTICULATE PROGRAMS, SHARE FACILITIES AND EQUIPMENT RESOURCES AND AVOID DUPLICATION. THE TAXPAYERS IN INDIANA HAVE BEEN WELL SERVED BY THEIR EFFORTS. WE BELIEVE THAT THE TRAINING FOR JOBS ACT MUST BE WRITTEN TO INCLUDE SPECIFICALLY THE FACT THAT THE IN-PLACE VOCATIONAL DELIVERY SYSTEM SECONDARY AND POST-SECONDARY THROUGHOUT THE NATION MUST BE GIVEN FIRST CONSIDERATION AS THE DELIVERY ARM OF THE PRIVATE INDUSTRY COUNCILS. FAILURE TO INCLUDE THIS IN THE ACT WOULD RESULT IN A SERIOUS AND VERY COSTLY MISTAKE.

ANY ENLARGED ROLE OF PRIVATE INDUSTRY COUNCILS SHOULD BE LIMITED TO AREAS WHERE THEY CAN FUNCTION WITHOUT LARGE ADMINISTRATIVE OR DELIVERY STAFFS THAT DUPLICATE EXISTING SERVICES AND SYSTEMS.

THE BROAD AREAS OF ADVICE, PLANNING, AND JOB CREATION SEEM LEGITIMATE RESPONSIBILITIES FOR PRIVATE INDUSTRY COUNCILS THAT FUNCTION ON A VOLUNTEER PART-TIME BASIS. TO INCREASE THEIR RESPONSIBILITIES WILL DUPLICATE EXISTING SERVICES AND AGENCIES PRESENTLY FUNCTIONING.

THE PRIORITY INCLUSION OF THE PUBLIC VOCATIONAL EDUCATION SYSTEM WILL REDUCE IMMEDIATE COST OF TRAINING SERVICES FOR EMPLOYMENT AND TRAINING CLIENTS. AT THE SAME TIME THE INCLUSION, EXPECTATION, AND ADDITIONAL FISCAL RESOURCES WILL ENHANCE THE PUBLIC SYSTEMS' CAPACITY TO RESPOND TO ALL CITIZENS.

THE VOCATIONAL EDUCATION SYSTEM DRAWS ITS STRENGTH FROM THE FACT THAT IT IS AN INTEGRAL PART OF THIS NATION'S PUBLIC EDUCATION SYSTEM. IT IS PRUDENT AND WISE TO FOSTER THE CONTINUED STRENGTH OF THAT SYSTEM BY FULLY UTILIZING THE NATIONAL RESOURCES OF THE EMPLOYMENT AND TRAINING THRUST TO COMPLEMENT THE EXISTING LOCAL, STATE AND NATIONAL COOPERATIVE EFFORTS IN VOCATIONAL EDUCATION.

THE VOCATIONAL EDUCATION SYSTEM CAN BRING VALUABLE RESOURCES INTO THE NATIONAL THRUST FOR ECONOMIC REVITALIZATION THROUGH FULL EMPLOYMENT.

18,000 INSTITUTIONS DELIVERING VOCATIONAL EDUCATION
54,000 STUDENT ORGANIZATIONS AT BOTH SECONDARY AND POST-SECONDARY LEVELS
JOB PROVEN INSTRUCTORS WITH PERFORMANCE RECORDS
EXPERIENCED LEADERSHIP WITH CAPACITY TO CHANGE
EXISTING BUSINESS, INDUSTRY, LABOR LINKAGES
  COOPERATIVE PROGRAMS
  APPRENTICESHIPS
  WORK RELEASE
  IN-PLANT TRAINING
  ADVISORY COMMITTEES

SUPPLEMENTARY AND SUPPORT SERVICES
  OUTREACH AND INFORMATION
  JOB RELATED BASIC EDUCATION
  CAREER COUNSELING
  PLACEMENT AND FOLLOW-UP
ACCEPTANCE AND SUPPORT BY THE GENERAL PUBLIC

THE EXISTING PUBLIC VOCATIONAL EDUCATION DELIVERY SYSTEM MUST BE INCLUDED AS THE FIRST PRIORITY FOR DELIVERY OF JOB SKILL AND RELATED TRAINING.

IN THIS NATION THERE ARE CURRENTLY 17.2 MILLION AMERICANS BEING SERVED THROUGH A PUBLIC SUPPORTED OCCUPATIONALLY SPECIFIC VOCATIONAL EDUCATION SYSTEM. THESE ENROLLMENTS INCLUDE SECONDARY, POST-SECONDARY, AND ADULT STUDENTS. THIS IN-PLACE SYSTEM REPRESENTS BILLIONS OF DOLLARS OF CAPITAL INVESTMENTS AND OPERATING CAPITAL THAT ARE COOPERATIVELY FUNDED BY LOCAL, STATE,NATIONAL AND PRIVATE SECTOR SOURCES.

THE METHODOLOGY UTILIZED IN DELIVERY OF THESE SERVICES IS JUSTIFIABLE, DIVERSE AND RESPONSIVE TO BOTH THE INDUSTRY AND STUDENT NEEDS.

TO IGNORE THIS TREMENDOUS EXISTING RESOURCE IS TO PROMOTE WASTE AND DUPLICATION, THEREBY CONTRIBUTING TO MEDIOCRE NEW SERVICES, AND APPLIES A DIRECT BLOW TO THE EXISTING VOCATIONAL EDUCATION SYSTEM.

PRIVATE INDUSTRY COUNCILS, BECAUSE OF THE LAW THAT SPELLS OUT THEIR COMPOSITION, CAN ASSESS COMMUNITY NEEDS, CAN QUALIFY AND SELECT INDIVIDUALS FOR TRAINING, CAN FACILITATE PLACEMENT FOR THOSE WHO HAVE BEEN TRAINED, CAN DETERMINE AND HELP DESIGN CUSTOM TRAINING TO MEET SPECIFIC NEEDS, CAN MONITOR AND EVALUATE TRAINING EFFECTIVENESS AND CAN CONTRACT FOR DELIVERY...A PIC IS NOT, HOWEVER, AN EDUCATIONAL

INSTITUTION. TO ENABLE A PIC TO PERFORM ITS OWN DELIVERY AND/OR TO CONTRACT WITH A PRIVATE NOT-FOR-PROFIT OR PROPRIETARY ORGANIZATION TO DELIVERY...WITHOUT FIRST EXHAUSTING ANY AND ALL PUBLIC VOCATIONAL DELIVERERS, SECONDARY AND POST-SECONDARY, IS TO IGNORE A GOVERNMENT INVESTMENT IN VOCATIONAL/TECHNICAL EDUCATION WHICH HAS PROVIDED QUALITY, FLEXIBLE AND COST EFFECTIVE INSTRUCTION FOR HALF A CENTURY.

POSITION STATEMENT
ON
ROLE OF VOCATIONAL EDUCATION IN EMPLOYMENT AND TRAINING

1. *The existing public vocational education delivery system must be included as the first priority for delivery of job skill and related training.*

In this nation there are currently 17.2 million Americans being served through a public supported occupationally specific vocational education system. These enrollments include secondary, postsecondary, and adult students. This in-place system represents billions of dollars of capital investments and operating capital that are cooperatively funded by local, state, national and private sector sources.

The methodology utilized in delivery of these services is justifiable, diverse and responsive to both the industry and student needs.

To ignore this tremendous existing resource is to promote waste and duplication, thereby contributing to mediocre new services, and applies a direct blow to the existing vocational education system.

2. *There is a role for both targeted employment and training programs for unemployed and underemployed and a basic vocational education system for job training all citizens.*

The basic vocational education system provides the foundation for the delivery of entry-level skill development, skill advancement and upgrading, and training or matching of skills for identified jobs in specific companies. A continuous source of trained workers for business and industry is maintained.

The targeted employment and training program identifies and serves the needs of the unemployed and underemployed, utilizing a variety of services including vocational education.

Incentives for collaboration and cooperation are imperative so both efforts maximize their resources. Collaborating or combining the private sector advisory, planning and job creation activities of both agencies will improve cost effectiveness and benefit not only the individual citizen, but also business and industry both groups serve. Both national thrusts should maintain and protect the integrity of their specified mission; however, cooperation on other aspects of service development, program delivery, administration and accountability should be encouraged.

3. *Any enlarged role of private industry councils should be limited to areas where they can function without large administrative or delivery staffs that duplicate existing services and systems.*

The broad areas of advice, planning, and job creation seem legitimate responsibilities for private industry councils that function on a volunteer part-time basis. To increase their responsibilities will duplicate existing services and agencies presently functioning.

4. *To recognize through planned utilization the existing strong private sector involvement in the public vocational education system.*

A basic measure of integrity of all public vocational education services and programs is the involvement with the labor, business and industrial communities. The 1963 Acts and 1968 Amendments to vocational legislation mandated this national priority. The successes and results of private sector involvement support the continuation of these linkages.

The specific involvement of the millions of people serving vocational education includes specific regular advice on:

1. planning
2. needs assessment
3. equipment
4. technology advances
5. curriculum review and design
6. evaluation

5. *The priority inclusion of the public vocational education system will reduce immediate cost of training services for employment and training clients. At the same time the inclusion, expectation, and additional fiscal resources will enhance the public systems' capacity to respond to* _all_ *citizens.*

The vocational education system draws its strength from the fact that it is an integral part of this nation's public education system. It is prudent and wise to foster the continued strength of that system by fully utilizing the national resources of the employment and training thrust to complement the existing local, state and national cooperative efforts in vocational education.

6. *The vocational education system can bring valuable resources into the national thrust for economic revitalization through full employment.*

18,000 institutions delivering vocational education

54,000 student organizations at both secondary and postsecondary levels

Job proven instructors with performance records

Experienced leadership with capacity to change

Existing business, industry, labor linkages
  cooperative programs
  apprenticeships
  work release
  in-plant training
  advisory committees

Supplementary and support services
  outreach and information
  job related basic education
  career counseling
  placement and follow-up

Acceptance and support by the general public

Declaration of Support

We, the undersigned, recommend the attached Position Statement on the Role of Vocational Education in Employment and Training for consideration in addressing pending and future legislation.

The undersigned constitute the Steering Committee of Area Vocational Directors.

M M Eicher
M. M. Eicher
President
Indiana Vocational Technical College

Gerald Lamkin
Gerald Lamkin
Vice President/Regional Operations
Indiana Vocational Technical College

Warren F. Haas
Warren Haas
President
Indiana Council Vocational Administrators

Beverly Hankenhoff
Beverly Hankenhoff
Area Vocational Director
Area Vocational District #27

Meredith Thompson
Meredith Thompson
Area Vocational Director
Area Vocational District #41

David Middleton
Dave Middleton
Area Vocational Director
Area Vocational District #26

Charles E. Fields
Charles Fields
Area Vocational Director
Area Vocational District #45

Representative HAWKINS. Let us return, then, to the question raised by Senator Quayle: Is it possible to get an agreement within the education community on how education and training programs should be related?

Obviously we have quite a few views expressed from different points of view by even the witnesses before us, all of whom, I say, represent the education community, so we have, first of all, the problem of what is the education community and which part of it we are going to recognize. Are we going to recognize all of it, or are we going to create a separate section for vocational education or something else, some other part of it, or are we going to have a percentage set aside?

Are we going to specifically mention certain parts of the community and, if so, which ones, and in what way?

These are all, as I see it, involved in what the question raises, and I guess it reflects the perils that some of us who have to legislate go through. Perhaps some of you who represent the community itself could clarify this for us, because in a few days we will be voting and possibly some of you may not be completely satisfied with what we do.

I think it is pretty obvious, if not unanimous, that we do want to recognize the education community. We do feel it should be a full partner in whatever we do draft, and that, I think, is not debatable. But just how we do it is the issue.

If some of you want to respond, I think Mr. Ambach was responding at the time Senator Quayle did suggest something which was somewhat new, at least to the Chair, and I thought it was rather intriguing when you said you dealt with it on terms of a procedure, and I am not completely clear as to how that procedure that you suggested would be incorporated into legislative language. It sounded rather intriguing, and, for that reason, I might start out with you.

Mr. AMBACH. I would be very pleased to expand on the point, Mr. Chairman. I am not sure whether this is a unifying concept on which the other parties who are here at the table or in education would agree, but our proposing it has been in the spirit of trying to find a unifying concept.

I think there are two or three elements here. First is the question of eligibility of different educational institutions to be providers of service. I think on that point there would be general agreement that that should be an expansive list, not a small list; that indeed different local public school systems, nonpublic schools, community colleges, technical institutes, and so on, should be eligible to provide services.

Then there is the point on the question of earmarking at the local level. Let me use the term "the local agency," and I am using that as a general concept because you have PIC's in one bill and you have prime sponsors in another bill, and some way or another you have to have a local agency which is going to be handling the funds at the locality. The local agency, in determining where a specific aspect of education or training is going to take place, has an obligation for that purpose to approach the potential education institutions for providing the services.

They, in turn, would provide by way of a plan or design what that service might be. In that plan or design it would have to indicate on certain criteria, which would be pre-established, measures of cost effectiveness, of past record either on former CETA programs or on other programs that they have managed.

They would also be obliged to indicate the way in which that specific training effort would have a bearing on perhaps the future career pattern for the participants. This is an extremely important element which has been, in my judgment, quite lacking in CETA programs before. You have to find a way not only for the first step on the ladder, but how you get the rest of the way up.

And so to have as a required criteria for performing the service an indication of not only where you would go, or what the track record of the institution was on getting a start, but also what would come as the next steps thereafter, once initial employment was gained, is a second pivotal criteria.

In the event that the local agency is not satisfied that the particular educational institution is meeting these criteria, then you take the option to others. Now, procedurally you have to invite them, I presume, beforehand, and then weigh off the proposals and make a determination as to where they would go, but it in effect provides that a priority or first chance, if you will, would be directed to the educational institutions.

Monitoring this, in my judgment, would have to be undertaken by a State agency, where you had a dispute in the localities as to the actual allocation. I don't look forward to a big procedural arrangement, but I do think that we can't be blocked on this because we think it is going to be procedurally too cumbersome.

There are track records out there, and there would be more, and I think we can build on that with this sort of procedure.

Representative HAWKINS. Thank you.

Mr. LESTINA. I would like to respond. I am very pleased to hear that you feel that both the Senate joint committee and the House joint committee are looking, and perceive the education community to be a full partner.

I would flash back to the last Congress when we had similar kinds of problems with the youth bill. I know that your staff, Susan Grayson and I and others recall right here in this room where we did work out differences that we had and stuck with them.

Mr. Chairman, in Senator Quayle's absence, it is somewhat like requiring, say, all Members of Congress to have a meeting of the minds and we would have a 100-percent vote on everything. That doesn't happen. We all represent different constituencies, but we can come very close, in my judgment, if not right on target, with an agreement. We have in the past. I don't hear us being that far apart, Mr. Chairman.

What I would plead very much with you is to look at what appears to be the majority, the consensus as a constituency in a congressional district, and let's move forward with an education component, because not to do so would be a severe misrepresentation, in our judgment.

Representative HAWKINS. Thank you.

Maybe some of you can respond in some of the subsequent questioning.

Mr. Jeffords.

Representative **Jeffords**. To carry on with your question, let them respond at least partially on my time with one little preliminary statement.

In my experience from going around the country, where you have a desire to cooperate you have no problems, but there are many communities where you have a real schism between the two branches, whatever you want to call them, and my problem is how we structurally within legislation work to get those people together in the areas where we have the schisms, not worrying too much about those where we already have some pretty good cooperation.

I wish you would focus a little bit on that as you continue to answer Mr. Hawkins' question.

Mr. **Halverson**. I would agree, I guess, with your perception that in a lot of parts of the country, including New York, we are really talking about providing an incentive for what people clearly want to do, because everywhere in the youth employment area, the number of people stepping forward to say this is a major problem which must be addressed is very real.

So, therefore, for most of the country, I think it is a question of incentives, and I think the incentive has to be one of participating in a local planning process by which eligibility or participation in the funding is really tied to the full and active cooperation in a local planning form that devises a program tailored to the needs of a particular locality.

I think the incentive that has to be provided is to get people working together, and the mistake that would be made would be to come up at the congressional level with any exclusionary list of providers or any parceling up of the money in categories between providers, because I believe in most parts of the country people really now want to join hands and address this problem very directly.

Representative **Jeffords**. Suppose whoever is the planning board, under whichever bill you pick, the majority of them decide the hell with the school system. They have been a failure and we aren't going to bother to work with them. So our plan doesn't have anything to do with the school system, and we will just go on and do our own thing our own way.

Should the legislation say—No. 1, "Hey, you can't do that"; or No. 2, should there be somebody like the Governor or the Secretary of Labor that should step in and say "No, that is not the way it is going to be; you have to work together."

Mr. **Halverson**. I think there has to be some kind of State monitoring through whatever agency, the Governor's office, whomever becomes the responsible party.

I think, yes, there has to be some ability for a community to raise a complaint that it was somehow unjustifiably excluded. But I don't see this as terribly elaborate. I see this as primarily a process of resolution of issues within a local community without frequent appeals upward.

Representative **Jeffords**. I am thinking in terms of our legislation. Do we need to put anything in there that suggests that they darn well better do that, or do we just leave it alone?

Mr. **Halverson**. Yes, I think you should suggest that they better do it. I think that you should be careful not to tie the whole process down in excessive State review or grievance reviews.

Representative **Jeffords**. That is the problem we get into. We get the cry for, "Give us full discretion. Let us do anything we want. Just give us a check and we will take care of all the problems." Then we go out around the country and we notice there are a lot of areas where things are just going the wrong way and it bothers me to think that we just give a blank check and say, "We know that you, in your wisdom, are going to work it all out." On the other hand, we don't want to go so far the other way.

Mr. **Halverson**. Yes. I definitely don't think you should give a blank check. I would endorse some of what Gordon said in terms of accountability standards, in terms of requirements of what a local plan has to deliver in order to qualify for the same level of funding it has previously received.

I think that is really where you should be focusing, on the delivery of services to kids. If those services don't appear, you should not continue to support the plan as it has been developed, and you should even consider placing money elsewhere.

Mr. **Bottoms**. In response to your question, the previous one, I do believe it is possible for the education community to get together on some of the issues that divide us.

In terms of this functional relationship, maybe there are some procedural approaches. But whatever approach we work through, we think it is fundamentally important that the State and local educational community begin to plan with these Federal dollars, along with State and local resources they have, in such a manner that you begin to build an ongoing capacity to serve the economically disadvantaged.

This ought not to be viewed as just a project add-on that is going to be for 2 years. We need to begin to plan them with some stability, that we are in fact going to broaden the base and capacity of the local education community to respond, because we basically believe the ultimate responsibility for assisting the economically disadvantaged to move into the private sector employment has to reside in the local and State community.

What we are suggesting here is that we work through a procedural or functional approach, one in which one of the Federal purposes, at least for a portion of the funds, be to see if we cannot begin finding ways to plan, with State and local resources as well, ways to serve on an ongoing basis, not just for a 12-month project.

I think we can work through some of these areas of disagreement. I think there is a dollar issue, and whether we focus all of our efforts on in-school or out-of-school youth and adults, I really don't see enough dollars to cover that whole range of needs. You kind of have a gallon and a half a gallon problem.

Mr. **Ambach**. A quick response to Congressman Jeffords' point. I do believe that you need to put in some specific criteria or procedure. I think that needs to be based on a performance assessment. I think that is what is different from what exists right at the present time.

I think it can work. I believe you can monitor that to see whether it is successful, but you also have to have two levels of operation there. There has got to be some way to settle disputes, and it seems to me that is where an important State function is played essentially by, I think, in my judgment, a combination, or out of the Governor's office, with combined agencies working on a statewide basis as you try to get them at the local basis.

That is also why it is so important to have a certain earmarking of funds at the State level specifically to handle that kind of process and to encourage the linking to take place.

Representative **Jeffords**. I don't have much time left. Maybe we can have another quick shot——

Representative **Hawkins**. You have another minute.

Representative **Jeffords**. I just lost it.

Representative **Hawkins**. Take another minute.

Representative **Jeffords**. All right. I just wanted some quick response.

The administration relies a lot on targeted jobs tax credits and I wonder if you could give me some quick feelings as to how that has worked from school to work transition. Has it been effective or not?

Mr. **Hertz**. To the best of my knowledge, it has been very effective. We use it in our area rather extensively. Right now, with the economy being down, there have proven to be problems, as at other times, but it has helped us to open up certain areas where we have been able to place young people on our youth employment training program. I would support that.

As far as training, Mr. Jeffords, just to speak to that, I come from one of the communities where we have had a successful arrangement. We have a Manpower Planning Commission that meets, and on there are representatives from higher education, the community college, basic education, vocational education, and also from the community, business and industry.

We sit and we plan, and we compete for certain projects where all of us play a very important role in bringing about the wisest utilization of CETA dollars. I consider our area as one of the more successful areas to which you have previously alluded. It can be done.

Mr. **Ambach**. Tax credits are valuable, but they are not a substitute for what we are talking about here this morning.

Mr. **Hertz**. No.

Representative **Jeffords**. Do you agree with that, Gene?

Mr. **Bottoms**. Yes.

Representative **Jeffords**. Do you want to comment quickly?

Ms. **Powell**. Mr. Jeffords, in response to the previous question, the accountability and monitoring, I think to be accountable for Federal funds is very, very important, but it also denotes much red tape and paperwork which, of course, has been a major problem in education heretofore.

I think you must guard against this. I think if you use facilities that are already in some way accredited, this will make a great deal of difference, so that you know the monitoring will be through channels that are already established.

Thank you.

Representative **Hawkins**. Mr. Weiss.

Representative **Weiss**. Thank you, Mr. Chairman.

First let me express my appreciation to all the witnesses on the panel, and especially to Mr. Halverson and Mr. Ambach, who come from New York. I want to welcome them again to Washington.

The position of no earmarking of funds—that is a new position, is it not? As of last year, I think there was an earmarking position that your group took.

Mr. **Ambach**. That is correct. Perhaps the provisions of the four bills as they have been advanced has helped to influence that position.

Representative **Weiss**. I guess it is a two-way dialog; right?

First, it occurs to me that although you are all sitting at one table, I think that the secondary schools and the postsecondary schools are really in quite different positions, and I think that it is not going to be easy to deal with the two sets of schools in exactly the same way.

Would you agree that, in fact, different criteria would probably have to apply, rather than one set of criteria applicable to everybody?

Mr. **Ambach**. Not necessarily. You are talking about training which may go on at different levels, but I think to generically describe what kind of criteria you would have for purposes of bill language would not necessarily differ.

Representative **Weiss**. OK. The question that occurs: Would you be willing to accept the assignment or the first-choice option if there were not Federal funds to go along with it; that in fact the schools would be simply looked at as being the natural resource that they are, and that if, in fact, the PIC's, or whoever is the prime sponsor, decided, OK, we have a skills program, we have a basic education program, and we already have a marvelous school system and we want to refer the basic education aspect of it to the school, but that is what they are there for to begin with and we are not going to give them any more money.

Would that be satisfactory or acceptable?

Mr. **Ambach**. It doesn't make sense in the context of what we are talking about here in this legislation.

Representative **Weiss**. Why not?

Mr. **Ambach**. The scheme or the approach that we are talking about is one of trying to take advantage of additional resources which are targeted on a very, very specific problem, and then trying to determine the very best way——

Representative **Weiss**. No, no. The basic approach is to try to find a way of training people who do not have the skills, either basic or advanced, for jobs. That is the basic plan; not how to spend the money. We can find all kinds of ways to spend the money. The question is: How do you provide the wherewithal to people so, in fact, they qualify for jobs?

Mr. **Ambach**. Right. But what we are talking about here with respect to special provisions of skill training or educational training, in effect we are talking about a population which is out of school, out-of-work. It is the means of attracting them either back to school in order to be able to provide that training, or we are talking about the means of attracting them out of their unemployed and out-of-training aspects into such training.

Now, to do that you have got to provide some kind of incentive, you have got to provide some kind of specialized program.

Representative WEISS. How about the kids who are still in school? What kind of incentive do you provide?

Mr. AMBACH. There you are talking about additional services.

Mr. BOTTOMS. It would seem that for kids who are still in school, the economically disadvantaged, one of the things we are striking for is a planning process that would allow the local system to begin to plan how, with the resources they already have for those youth, and with the additional resources, they are going to flow those two together to get at the additional kinds of instruction, the intensification of support services, the changing of the basic curricula that one has to change.

Sometimes to teach youth who are way behind by the 10th grade in basic skills, all that they need to know to move into the private sector, you may have to stretch the school day, and school year as well, particularly as you begin to provide them some experiences in the community. So it has to be a process, as we tried to stress, that would bring to bear the State and local resources, because most of the education is funded on some enrollment procurement basis.

Representative WEISS. You know, Mr. Bottoms, one of the concerns that has been expressed over a period of time is that, for example, vocational education systems around the country are not really coordinated into the overall employment training program of the State or of the locality. This is what you have been saying, too, if I have been listening carefully to you.

The bulk of the money for those programs is local and State money, in any event; it is not Federal money. So it seems to me that you ought to be wanting to do what you say ought to be done whether there are Federal moneys around or no Federal moneys around.

Mr. AMBACH. I think your premise is wrong.

Representative WEISS. Well, OK.

Mr. AMBACH. The premise is the other way around.

Representative WEISS. Yes; but you can't do it without money.

Mr. AMBACH. That is right. The reason I was using an analogy on title I ESEA before is that the Federal recognition there was that there was clearly an obligation on the local school system to be providing the foundation of education. But there were also very specialized problems that were related to certain children who happened to be in low-income areas, certain disadvantaged children.

Therefore, a Federal addition was made. I think that the analogy follows here. There are certain obligations, local and State, but you have it specialized. You have a catch-up problem. You have extra things you need to provide.

Representative WEISS. OK. We have a limited amount of money to be utilized to the maximum extent possible. What I am really struggling with is how do you best do that? Do you, in fact, do it best—and I think that is really what Senator Quayle's question was—do you do it best by putting the money into the existing resource which has not been successful to the extent that we would all like it to be in doing this job?

Even though you have no earmarking, would you put a limit on the amount of the moneys to which the local school system would qualify? To what extent would they be able to be the first choice for these programs?

Mr. **Ambach**. No; I would place it on the basis of a competition, and place it on those criteria, cost effectiveness——

Representative **Weiss**. Are you saying that in a particular community 100 percent of the educational aspects of a program would go to the schools if, in fact, the schools had been doing a good job?

Mr. **Ambach**. If the prime or the local agency, PIC, whatever it turns out to be, in effect determined that that is where that ought to happen, that is exactly where it should go. If it turned out that it ought to go the other way, that should be their determination. What I am trying to build in is a set of performance criteria to make that determination.

Representative **Weiss**. You said it has to be a first choice. Didn't you say that it was a first priority?

Mr. **Ambach**. First approach; that is correct.

Representative **Weiss**. That is right, so that nobody else gets a crack until, in fact, you reject, or you are rejected.

Mr. **Ambach**. The point is that you cannot proceed this way without making that approach and getting an offer from the educational institution to provide those educational functions.

Representative **Weiss**. You have OIC, for example. OIC says:

> We do a fantastic job. We provide skills and we provide basic education. Why should we come in and qualify only if the local educational system has been found wanting? Why should they get the first crack?

What do you say to them?

Mr. **Ambach**. I say that if they can provide, on the performance criteria, that they can do it more effectively, the choice ought to go there.

Representative **Weiss**. How about as effectively?

Mr. **Ambach**. No; more.

Representative **Weiss**. Oh. A problem, wouldn't you think?

Mr. **Ambach**. A problem; right.

Representative **Weiss**. OK. Thank you.

Representative **Hawkins**. May I pursue the question, because I think you raise the issue the clearest way that I have heard it raised.

We are dealing, as I understand it, with an employment and training bill. Presumably education is interrelated. Then in another capacity we deal with education and we don't attempt to take away from direct employment and training placement, et cetera, from the employment service, and so forth, their money to give to education.

Now, we have stated in my proposals that the funds provided under the act shall not be used to duplicate facilities or services available in the area with or without reimbursement from Federal, State or local sources unless the prime sponsor demonstrates that alternative services or facilities would be more cost effective or more likely to achieve the prime sponsor's performance goals.

It seems to me, Mr. Ambach, that is exactly what you are saying.

Mr. **Ambach**. Almost.

Representative HAWKINS. They get the first crack if they can show that they are more cost effective.

Mr. AMBACH. That is where I got the idea initially.

Representative HAWKINS. I am glad you got something from us. We are trying to get something from you, now.

Mr. AMBACH. I know. Almost so, Mr. Chairman.

Representative HAWKINS. Do you want to comment?

Mr. AMBACH. Only to the extent that I believe—and we have provided this, sir, in detailed form by way of your bill, to show how one might amend your bill, which has the fundamental construct in it, but it is not the same. It is not exactly the same.

It still has the important provision of the use of where there is a resource that is available, but we believe that it needs to be strengthened with respect to the criteria that you use in making that judgment.

Representative HAWKINS. In response to Mr. Weiss, when it was said what if we simply said that since you are already available to do the type of training or type of remedial education that is required, let's say, in a training and employment setting, that we just simply refer the client to you and say go ahead, you have already received the money to do this and not send any money with it, I think the response was that we are dealing with individuals who may require a little extra assistance.

Isn't that precisely how we got into title I, now chapter I, because we thought that is what we were doing? We did that in the educational setting and not in the employment and training setting. Why is that giving you extra money, let's say, as part of the education community rather than in an employment and training bill, why isn't that the answer? Why isn't that satisfactory, then?

Aren't we doing that in trying to give you the money through chapter I?

Mr. AMBACH. Mr. Chairman, you certainly are to a certain extent, but I know you are as familiar as I am with the fact of the limited coverage of title I programs, and that indeed, all those who are eligible in our different States aren't even being served under title I.

If you were to expand the concept of title I, particularly in the context of preparation for employment, and expand the money in it, you would come to the same result. I am not advocating that the program which is before us be turned completely into an educational program. Please recall that the services that I am talking about by way of first approach to educational institution are educational services.

There are other factors here with respect to placement, with respect to diagnosis, the determination of the employment need. There are other connecting factors that are extremely important. So I am not arguing that it ought to be turned 180 degrees on its axis.

I am suggesting, however, that when it comes to the matter of making determinations at the local level, where the education or training is to take place, that there be a first priority given, a first approach given, to using the educational institution, but only if they meet the two criteria: cost effectiveness and, don't forget, the criteria of where that places someone with respect to their future career ladder, how that training links into their future potential for education and training.

Representative HAWKINS. Well, I certainly don't disagree basically with what you are saying. I think it is a question of clarifying and getting the language to accomplish that.

Mr. AMBACH. I agree.

Representative HAWKINS. I still think, however, that unfortunately what we see developing is a disunity as a result of the cutbacks across the board in the various fields, so that we are getting into a situation where there is an attempt to get Federal moneys in every way possible because every entity is being shortchanged and, consequently, we are dividing among ourselves.

We are beginning to disunite among ourselves, so the best way of making up the shortfall because of the budget cutbacks so that the cutbacks in title I will mean that title I people will attempt to get the money some other way if it looks like there is a possibility of doing it. A cutback in vocational education means that those of us who support vocational education will be hard put to try to say, "Well, because vocational education is cut back, you have to take money away from the jobs bill," and so on.

We just go into a split among ourselves, and I am afraid that those who are cutting the budgets that shouldn't be cut in the first place are going to win because we are being divided in trying to play games with each other to try to get money. That is the unfortunate thing. I think the education community is going to be so divided, as well.

I see the red light is on. May I pass on again to Mr. Jeffords.

Representative JEFFORDS. I have no further questions.

Representative HAWKINS. I think, Ms. Powell, you were about to express yourself, and I don't want to cut you off.

Ms. POWELL. I was just going to say, if you are going to equate the expenditure of funds with the needs for training, perhaps there needs to be some identification of what the needs are, our national as well as our local needs, to see where the best expenditure of these funds might be.

Then, of course, that would identify very definitely the type of facilities that would best service this training.

Representative HAWKINS. Thank you.

The witnesses have been excellent. We assure you of our concern. I think we are together, but we need to get an expression along the line that Senator Quayle raised at the beginning, and for that we will have the staff contact you and see if we can't get some clarifying language that can be of assistance in whichever bill does move. Thank you.

The next panel will consist of prime sponsors, Mr. Harry Johnson, co-chair of the Private Industry Council of Cambridge; Mr. John Wallace; Ms. Barbara Monahan; Mr. James Baker, president, Harlan County Coal Operators Association; Mr. Robert D. Johnson, Executive Director, Broward Employment and Training Administration; Mr. William Brumfield of the Minnesota Prime Sponsor Association; Mr. Raymond Jarvis, Hampden County Employment and Training Consortium; and Ms. Amanda Rudd, the commissioner of the Chicago Public Library.

Mr. Johnson, suppose we commence with you.

STATEMENTS OF HARRY JOHNSON, NEW ENGLAND COUNCIL OF CETA PRIME SPONSORS, INC.; JOHN WALLACE, PRESIDING OFFICER, COMBINED ASSOCIATION OF PRIME SPONSOR ADMINISTRATORS, REGION IX; BARBARA MONAHAN, SOUTHEASTERN EMPLOYMENT AND TRAINING ASSOCIATION; JAMES BAKER, PRESIDENT, HARLAN COUNTY COAL OPERATORS ASSOCIATION, HARLAN, KY.; ROBERT D. JOHNSTON, EXECUTIVE DIRECTOR, BROWARD EMPLOYMENT AND TRAINING ADMINISTRATION, FORT LAUDERDALE, FLA.; WILLIAM C. BRUMFIELD, MINNESOTA PRIME SPONSOR DIRECTORS' ASSOCIATION; RAYMOND A. JARVIS, EXECUTIVE DIRECTOR, HAMPDEN COUNTY EMPLOYMENT AND TRAINING CONSORTIUM, SPRINGFIELD, MASS.; AND AMANDA RUDD, COMMISSIONER, THE CHICAGO PUBLIC LIBRARY, CHICAGO, ILL.

Mr. HARRY JOHNSON. Chairman Hawkins, my name is Harry Johnson. I am manager of community relations at Polaroid Corp. in Cambridge, Mass., where I also serve as co-chairperson of the local Private Industry Council. I represent today the New England Council of CETA Prime Sponsors.

Let me begin my remarks by making a brief confession. Having grown up in a culture in which an individual's sense of fulfillment often is bound inexorably to what he or she does for a living, having grown up in a family where work is valued, I bring to these proceedings an unabashed commitment to assist any legitimate process which will provide jobs for those who want them.

Whether work is holy, and labor divine, I am not certain, but I am reasonably sure that to be meaningfully employed in the richest sense of that word, to be a full contributor to the common enterprise, is a fundamental need of the human spirit. Because that need is so basic, and because failure to meet that need exacts such a significant price from both the individual and the society, it is incumbent upon us all to see creative solutions to this exasperating problem.

I celebrate in the creation of the Private Industry Councils, the search for an authentic partnership between the public and private sectors. I welcome in the legislation you propose your continuing challenge to those of us in industry to bring our very best skills to our common task. The functional phrase is our best skills, determining labor market needs, curriculum, design, training, performance evaluation.

While as partners we should concur in both planning and implementation, we are not anxious to assume the traditional prerogatives of elected officials. Since funding is provided by tax dollars, final authority should rest in the hands of locally elected officials in instances of nonconcurrence, the one exception being the submission of the local plan.

Should there not be concurrence in the development of that plan, the Secretary of Labor or the Governor should mediate the disagreement, seeking concurrence or, if necessary, appointing an alternate planning body.

Since the success of our joint venture in a given labor market area is dependent largely upon cooperation and mutual trust between local business and local government, I strongly favor maintaining a decentralized system which simultaneously strengthens the role of Governors within comprehensive Federal guidelines.

In general, I favor accountability at the level closest to where service is delivered, where it is to our mutual advantage to work together. I favor maintaining this vestige of the CETA system because, for all of its imperfections, CETA has worked.

A careful examination of the record suggests that, given the flaws in its design and the monumental task it attempted, CETA did remarkably well. Well designed evaluation procedures and performance standards should do much to insure quality programs in the future.

Regarding an expanded role for the States, I am inclined to favor funding through the Governor rather than to the Governor. The real need at that level, it seems to me, is to broaden his or her responsibilities to encourage the development of comprehensive State employment policies and to dramatically improve the broad range of employment-related activities.

I hope additionally that at both the State and Federal levels, efforts will be made to achieve better coordination between employment and training on the one hand and employment security on the other. The duplication, competition and waste generated by the present structure seems to me unconscionable.

Joint planning and goal setting, the development of joint applications and procedures, and the development of congruent service delivery areas should lead eventually to an administrative merger of the two functions.

At the very least, I hope that the future will bring the development at the local level of a single annual plan to deal with training programs and labor exchanges.

I am concerned, too, that there is so little linkage between the employment and training system and the education system. Vocational education in particular, which fails to educate for change, which fails to prepare young people to function effectively both today and tomorrow is, I submit, a sham and an illusion.

These final thoughts: American industry is going to face a serious labor force problem in about 5 years. We are doing nothing today to address that problem if we simply target our training efforts toward young people and AFDC recipients. We must maintain guidelines to include other low-income persons as well, and we should make provisions for some persons regardless of income, particularly handicapped persons, displaced homemakers, persons with limited English-speaking ability, and some categories of displaced workers.

It is my earnest hope and my expectation that we will enjoy surprisingly acceptable results when we provide quality training for persons who have traditionally been underutilized by employers.

I have walked the streets of our cities. I have read the dismal statistics on crime and educational inadequacy and on unemployment. I have a sense of the changes that lie upon our national horizon. But notwithstanding our current collective sense that we have taxed ourselves beyond acceptable limits, we have a long and proud tradition of responding to each other's needs. It is a tradition I pray we will not dishonor.

I trust we will fund training and employment at a level of at least $4 billion.

I am glad you seek to continue these important services to the needy of our Nation. I am grateful that you embrace us in the private sector as partners in that exciting undertaking. It is, after all, our function as well as yours to serve the needs of our society.

[The prepared statement of Mr. Johnson follows:]

STATEMENT

OF

HARRY JOHNSON
Community Relations Manager
The Polaroid Corporation
Co-Chair Private Industry Council
Eastern Middlesex Human Resources Development Authority
Cambridge, Massachusetts

BEFORE
THE JOINT OVERSIGHT HEARINGS
OF
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AND
SENATE SUBCOMMITTEE ON EMPLOYMENT & PRODUCTIVITY

March 17, 1982
Rayburn House Office Building, Room 2175
Washington, D.C.

ON BEHALF OF
THE NEW ENGLAND COUNCIL OF CETA PRIME SPONSORS, INC.
86 Gillett Street
Hartford, Connecticut
Ms. Marlene Seltzer, President

NECCPS is a private, non-profit Association incorporated in 1976 and representing CETA Directors and their elected officials from 23 prime sponsors and six State Employment & Training Councils in Region I.

INTRODUCTION & OVERVIEW

A national labor market policy must be developed which responds to issues such as the decline in the quality of American plants and workers' technological change and industrial/occupational shifts if we, as a nation are to effectively resolve our social and economic problems. This policy framework must create the conditions for responsive and durable labor market programs and focus on necessary investments for improving labor quality and business production. It is essential that these conditions be created in spite of severe budget constraints.

The present reduction in available public monies for skill training and labor exchange systems comes at a time when the American economy is becoming increasingly dependent upon the pool of potential workers who in the past have been considered surplus labor. The majority of these individuals do not possess the education, skills and work behaviors for those jobs which will be increasingly in demand. What was in the past perceived and treated only as a social problem has emerged as a serious economic dilemma.

This is not the time to withdraw financial support for public employment and training programs! A bold agenda for the 1980s must integrate public and private resources to position the American workforce and its business, industrial and service sectors to compete effectively.

The New England Council of CETA Prime Sponsors, Inc., is encouraged by the quality of bills introduced by Senators Quayle and Kennedy and in the House by Chairman Hawkins and Congressman Jeffords. We are confident that the final bills emerging from both Chambers will:

- Continue the strong tradition of bi-partisanship in federal employment and training law;
- Contain much of the exemplary ideas found in the three pieces of legislation already introduced;

and

- Result in accommodations that meet our primary concerns:
  1. Preservation of the traditional goals of the U.S. employment and training policy of increasing the productive capacity and utilization of our country's labor force, particularly the economically disadvantaged.
  2. The creation of a public/private sector partnership in the delivery of federally-funded training by addressing the issues of higher skills and dislocated workers while maintaining primary services to the economically disadvantaged youth and adults.
  3. Allowing a broad range of instruments that address the dysfunctions in our labor markets, both on the supply and the demand side.

While we agree there is a need for a broader role for Governors in addressing state-wide and labor market area needs, NECCPS urges that Congress maintain the basic principles of a decentralized system.

The degree of decentralization necessary is a function of many factors including, but not limited to, the diversification in regional economics within any given state, the geography and density of the area, and the diversification in the needs of individuals within given areas. A decentralized structure doesn't dictate that we maintain the same jurisdictions. It does, however, require that the structure adopted is flexible enough to effectively respond to changing regional economies.

In the New England states, variations in its population and labor market economics dictate varying degrees of decentralization. For instance, Vermont does not have major labor markets or varying regional economies and this can stand as a single prime sponsor. On the other hand, Massachusetts has many and thus the training delivery system developed for it should differ greatly.

We recognize the need to encourage consolidation at the labor market level. Such action, however, should be voluntary and initiated at the local level; incremental changes in the existing system not a major overhaul.

Should Congress, in its wisdom, decide to move towards an employment and training system funded through states, we suggest an evolutionary process which builds on strengths of the present system and moves towards a different configuration. The key elements of this evolutionary change are:

1. Establishment of labor market based planning bodies appointed by local elected officials and consisting of a majority of representatives of the private sector plus labor, education, community-based organizations and eventually vocational education and other human services advisory bodies.

2. Private sector involvement as a partner with government, handling such activities as the design of occupational training from beginning to end. Delivery and accountability for services remain at the local level.
3. Funding of local jurisdictions in certified service delivery areas on a pass-through basis from the state through a national allocation formula.

4. Submission of a consolidated Plan to the state for review and comment, addressing the developmental services for the disadvantaged; labor exchange services for employers and non-disadvantaged job seekers; and career development services for in and out-of-school youth.
5. A wider role for Governors giving them the authority to concur with local elected officials in service area designation; the responsibility for submission of a statewide Plan for employment and training; provision of staff support to the labor market process; establishment of professional standards, provision of labor market information and technical assistance.
6. The implementation of programs designed to meet the unique problems of unemployed youth.
7. Movement towards genuine consolidation of all training and employment efforts at the local and state levels.

SPECIFIC RECOMMENDATIONS

Service Delivery Areas

NECCPS favors a bottoms up method of designating both service delivery areas and administrative mechanisms at the local levels.

We would agree with Senators Quayle and Kennedy that during a transition period any area served in fiscal year 1982 by a prime sponsor established under the Comprehensive Employment and Training Act remain in effect. During this six to nine-month transition period, permanent designations should be made by the Department of Labor or in the case of state block grants, by the Governor based upon local area requests.

For permanent certification, cities, counties or consortia that are already sponsors shall be designated a service delivery area if elected officials and the present Private Industry Council so request.

If there is objection to automatic designation by either local elected officials or the Private Industry Council, the Governor would have the right to arbitrate and make an appropriate designation.

We recommend the language in the Quayle/Kennedy bill which allows the Governor to designate subdivisions of the state as service delivery areas if service were part of the Balance of State system under CETA.

We urge that where there is a state with only one jurisdiction of more than 200,000, the entire state may be designated a service delivery area.

The Governor may also propose revisions in existing local service delivery areas if it is determined that the revision will promote more effective delivery of services or is more consistent with labor market boundaries. The existing prime sponsor and PIC must accept the proposed change in area for action to take place.

Elected officials and PICs in areas of less than 200,000 should be encouraged to form consortia around labor market areas and petition the governor for designation.

We urge that funds be set aside for bonuses to promote consortia. Such consolidation would facilitate more appropriate cooperation and coordination of efforts in metropolitan areas; encourage smaller rural regions to cooperate with mutual, socio-economic concerns; areas to share and more effectively utilize limited administrative resources; and reduce the impractical, costly and often unmanageable responsibilities currently placed upon the larger states to administer scattered and economically diverse areas.

Planning & Administration

The Private Sector Initiative concept should be strengthened. A new organization should be formed, combining the existing prime sponsor planning council, Private Industry Council and youth council. The new group should be appointed by chief local elected officials,proportionately by population in cases of consortia. A majority of the members should be from business and industry with others from labor, economic development, education and community-based organizations. The size of the new Council should be decided locally and appointed to rotating three-year terms.

We recommend that the new Council have concurrence approval for planning and implementing all programs in the same manner that the present PIC deals with Title VII of CETA. It could assume operational functions if agreed upon by local elected officials and the majority of Council members.

Staffing the new Council raises a serious issue. If independent appointments are made by the PIC, and staff is separated from the other administrators, rivalry may result. Whoever maintains responsibility for administration should hold staff hiring authority. It is obvious, however, that if business and industry is asked to identify job demands in the LMA, certifying training curricula and provide other unique activities, it must feel confident in the staff that is providing the products. Joint selection would appear to be a possible solution.

Local Plans should be submitted to the Governor for review and comment; and inclusion in the state Plan. Incentives should be provided, through special state employment and training funds, for joint planning with other federal employment-related programs in the area to be served.

Since 75% of all new jobs are in small companies, both small and large businesses should be involved in initial area-wide planning, job identification and providing job commitments. Planning linkages should be encouraged between the training system and economic development and should be directed to new job creation.

If there is no agreement on the local Plan, the Governor should serve as mediator, seek concurrence or appoint an alternate planning body.

Although we agree on a greater role for states as stated previously, New England prime sponsors do not want to lose the decentralization concept. The system of local sponsors has developed, in general, into a efficient mechanism for placing resources into the hands of training institutions and placing eligible individuals into training programs and jobs.

The present system has had more genuine local participation in planning and evaluation than any other human resource development program. It has taken years to build up this system. It would be wrong to discard the structure or totally replace it with an unrestricted block grant to the states.

The principal administrative entity in the 1980s, therefore, must be local governments working in a full partnership with local business. The terms and conditions of this partnership should be defined at the local level, hopefully the labor market level.

Nothing in the Act should mandate or prohibit Council incorporation if agreed upon by local elected officials.

The State Role

As indicated earlier, NECCPS favors a modified block grant concept providing for funding going through the states to local deliverers of service on a federal formula basis. Concrete eligibility guidelines for local service delivery designation should be legislatively mandated and guidelines should include presumptive deliverer criteria as set forth earlier.

We recognize that the Governor's role should be sufficiently broadened and strengthened to allow for the development of comprehensive state employment policies and coordinating the broad range of employment-related activities, including economic development, social service, education, vocation rehabilitation and others.

New legislation should provide the Governors with the following responsibilities:

1. Certification of sub-state delivery areas.
2. Designation of such areas where there is no local agreement or petition.
3. Funding pass-through to local area sponsors on the same federal formula basis as state received funds.
4. Appointing members of a new state Private Industry Council based upon federal requirements and nominations from business, labor, local government, state education and community-based organizations, vested with responsibility to prepare a state-wide Plan.
5. Review and comment on local plans which would be included in the state-wide Plan to insure, as Congressmen Jeffords notes, that Plans meet requirements of the law and allow for effective and well-managed programs.

6. The management of separately funded Displaced Workers programs with assistance from the state Private Industry Council. Every opportunity should be given to the funding of locally developed projects.

States should retain a percent of total dollars for administration, oversight, monitoring and evaluation, incentive funding for superior performance, technical assistance, services to special need populations, developing and providing labor market and occupational information, developing a management information system and compiling and analyzing reports, establishing fiscal control and fund accounting procedures, reviewing and certifying performance criteria and competency standards as developed by local service deliverers.

We encourage the consolidation and automation of the collection and analysis of data on a state-wide basis for the purpose of identifying and projecting high-demand occupations and locations.

OTHER ISSUES

Eligibility

NECCPS supports the following eligibility criteria:

* Economically disadvantaged persons aged 16 years or older with family income not exceeding 70% of BLS/LLS or receiving cash public assistance or food stamps.

* Ten percent (10%) of the clients should be exempt from income criteria if they face other barriers to employment such as handicapped, displaced homemakers, offenders or those with limited English-speaking ability.

- We also agree that special provisions should be made to serve displaced workers who have received notice of permanent impending layoff or workers in occupations experiencing little demand due to technical change, impact of imports or plant closing.

- Consideration should be given to Chairman Hawkins' proposal for 14-15 year old youths, allowing them to receive vocational exploration, labor market information, counseling and school-to-work transition services.

Performance Standards

New England sponsors agree that the Secretary of Labor must establish performance indicators based upon placement in unsubsidized jobs as well as earnings gained and improvements in levels of employment after placement. Standards for these indicators should be established through a process taking into account local conditions and other local mitigating factors.

We are concerned about using reduction in welfare as a performance indicator. It is only one of a number of local impact factors requiring attention. Data collection problems are enormous.

If Congress insists upon using this measurement, we urge that reduction in welfare payments be changed to measuring reductions in all income maintenance payments (which means AFDC, public assistance and unemployment insurance as well).

The language in all bills dealing with performance standards for youth is weak. We urge that the Secretary be given extra time to appoint a new national youth standards committee.

How to deal with poor performance is examined in some detail in both House and Senate bills. We agree that the governor (under a block grant arrangement) should be given the responsibility of designating an alternative administrator for a service delivery area if poor performance continues after special technical assistance has been offered. Appeals should be permitted to a hearing officer appointed by the Secretary.

Program Design

NECCPS supports a single federal grant for disadvantaged youths and adults with a percentage of funds mandated for youth. The percentage should be adjusted by the difference between the local ratio of disadvantaged youth to disadvantaged adults versus that ratio nationwide.

Goals of new legislation should be: (1) to provide employment and employability-development activities for youth which will result in an equal opportunity to gain the basic competencies required in the competitive labor market and (2) to provide services to adults suffering from persisting labor market related hardship. We agree with Congressman Jeffords that training and other remedial services are needed to assure, as a minimum, the capacity for self-support. We should also set as a goal to offer, as far as possible, opportunities for career advancement commensurate with an individual's ability and commitment.

In order not to lose the expertise of certain local service delivery agents, particularly CBOs, selection under the new law should be on the basis of cost effectiveness based on previous performance.

We are pleased to see that both Subcommittees recognize the importance of testing new ways of paying training wages. We like the concpet of wages being paid to employees of a public or private non-profit organization provided the person performs services for private-for-profit employer as a part of the program to place participants. We would urge that Mr. Hawkins' limitation of 78 weeks in a five-year period be considered.

There are a number of excellent youth activities described in Mr. Jeffords' bill, with a strong focus on school-to-work transition. The program design strategies and competency standards have been validated as successful and deserve analysis and consideration by program planners at the local level.

As indicated earlier, service to displaced workers should be included in any final piece of legislation. There should be, however, a private sector match requirement on funds as described in the Quayle/Kennedy bill. Consideration should be given to the use of Unemployment Insurance funds.

On-the-job training is a vital part of any program mix. Perhaps here we should try new approaches: In many cases, a 50% offset for trainee wages is simply inadequate. In certain occupations, high paid supervisors must spend almost all their time training inexperienced new workers and the $1.75 or $2.00 per houd partial wage offset we offer is not adequate. Why not permit expanded OJT? We urge an open policy, permitting contractors to start at 100% wage subsidies and gradually reduce as trainees become more productive.

Emphasis should turn from employment to training, both classroom and OJT. However, the need for job creation programs should not be neglected. The existence of substantial labor surpluses means that job creation or links to economic development is an important use of at least a portion of public funds.

We favor retention of training allowances as an allowable cost as stated in Mr. Hawkins' bill but we feel that the indexing on need concept in Mr. Jeffords' bill should be considered. At the same time we concur that training allowances should be used sparingly in order to maximize resources. We like the idea of an incentive component in work experience and training to encourage performance, completion and placement.

Amendments to Other Statutes

The New England Council agrees with all three legislators who have submitted bills to amend Wagner-Peyser. The question is, how much change? We would like to see, in the first year, the following:

1. Amendments that would give governors funds for the Job Service based upon the state's portion of civilian labor force. A needs-based formula.
2. Incentive bonuses should be available through the State for job operations between the employment and training program and the Job Service.
3. We agree with the language in Quayle/Kennedy calling for local private industry councils to prepare Plans for how Job Service will be utilized locally, including priorities, budget and expected performance accomplishments.

Management Assistance & Training

It was during the Congressional hearings on the 1978 Reauthorization of CETA that the need for increased and improved technical assistance came into focus and resulted in the creation of the Office of Management Assistance. Experiences over the past three years have shown management assistance to be a worthwhile investment and critical to efficient transition into new delivery and management systems.

We urge that the following program goals, shown to be most effective in meeting MAT needs, continue to be stressed:

1. To localize the delivery of MAT so that it can be tailored to specific state and local needs.
2. To reduce program management deficiencies through the creation of a network of management assistance resources which will provide timely, effective MAT based on requests or identified needs.
3. To assure program operator acceptance by having users actively involved in planning and developing the system and participating in the delivery of sponsor-to-sponsor MAT services.

Authorization

As proposed in the Quayle/Kennedy, Hawkins and Jeffords bills, NECCPS strongly endorses the concept of permanent authorization for employment and training.

Allocations

With reference to allocation of federal resources, we are not prepared to address the issue of how much money should be appropriated for each item, nor do we feel equipped to deal with the national formula. Our concern of the moment is how whatever funds are available can be more effectively integrated, and creatively used, and how accountability can be maintained. Experience over the last eight years, however, would suggest that the threshold for effective management of a national employment and training system would be no less than $4 billion per year.

We also favor moving away from the current fiscal year to a "program year" format as called for in Senator Quayle's bill. Begin July 1, the same as State budgets, a factor to consider throughout the process of redesign.

Administrative Cost

NECCPS also urges that the present CETA language covering administrative costs be maintained plus a re-examination of the activities that are directly related to the provision of training.

Liability

Prime sponsor structure responsibilities and liabilities should be retained. In the case of liabilities, however, we strongly urge that an acceptable error rate in eligibility determination be written into the law and that all unnecessary administrative provisions be eliminated.

Transition

It is essential that legislation provide for smooth transition from the present CETA to the new program. That process will take at least a year and specific provisions should be in the law to:

- assure proper cash reconcilation, audits and property disposal
- avoid massive layoffs and terminations

- retain trained staff
- assure that such programs as OJT, which may be contracted beyond fiscal year's end, may be brought to a satisfactory and appropriate conclusion.

In conclusion, the New England Council of CETA Prime Sponsors urges Congress not to radically alter the current employment and training system. We must maintain a strong, flexible decentralized process.

The Federal government cannot ameliorate the economic and social problems alone; the future demands cannot be met by one sector of society. Business, government and labor must recognize the common peril. Short run gains by one sector at the expense of another will not address basic national productivity problems. Only through a coordinated effort on the part of business, government and labor can the serious impending skilled labor shortages be avoided and the future economic and social well being of the country be improved.

Representative HAWKINS. Thank you, Mr. Johnson.

The next witness is Mr. John Wallace.

Mr. WALLACE. Mr. Chairman, it is an honor to speak before you today. I am also appreciative of the fact that you have invited a CETA Director, I should say a current CETA Director, to provide testimony.

Rather than repeat the position of CAPSA, I would rather focus on two areas which I think are of primary importance to the legislation and to issue two challenges to the members of the committee, or the chairman of the committee, who is here right now, and they are challenges that come not just from the CETA Directors but also from the Private Industry Council chairs in region IX, which includes California, Arizona, Nevada, Hawaii, and the Pacific Islands.

The first challenge is to insure that the partnership between business and Government is truly coequal in the administration of employment and training programs. They are unique social programs because they represent the inner section of public sector responsibilities and private-sector interests; hence, it is absolutely appropriate that they must concur and agree at all levels on the planning for the program.

The unfortunate observation is that, particularly Senator Quayle's legislation, has incentives in it which would bypass or could bypass that coequal partnership by appealing directly to the Governor. The consensus, the forcing of the consensus and the balance of power, much like the relationship between the Senate and the House, is essential for the employment and training system.

For those who have doubts whether or not CETA Directors and Government administrators on the one hand, and the private sector on the other hand, can work together, they need only look to

New York or to region IX where the relationships between the PIC chairs and CETA directors is very close and where they have submitted to your staff this joint partnership agreement between those private sector members who are participants in the system now and those CETA directors who administer this system.

So the first challenge is to insure that the relationship is coequal.

The second challenge of equal importance is to insure that the roles and responsibilities of the three levels of government are consistent across all four major employment and training programs. I suppose it is appropriate to apply a private-sector management principle to an employment and training program which is trying to work with the private sector which—well, let me explain.

The CETA system, the vocational education system, the job-service system, and the WIN employment and training system are four different programs which call for four different management responsibilities among the three levels of government, and four different programs which compete with it for the attention of the private sector and, as a result, are charged, with some degree of truth, with mismanagement. They are four different responses to a single problem.

If those four programs assign consistent levels of responsibility to the three levels of government, then I think that we could manage an effective response to the problem of unemployment and economic productivity. We currently do not have a system.

I believe that would bring increased cost effectiveness because, perforce, duplication of services would be eliminated. It would bring increased private sector involvement and a willingness to be involved because the system would be understandable, it would be penetrable, it would be accessible to the private sector, and it would increase the quality of the services because we could manage a program rather than attempting to coordinate four different programs.

In that kind of system, I think the local role should reflect very much Congressman Hawkins' bill where the PIC and the prime sponsor, as coequal operators of the program, planners for the program, plan for contiguous labor market areas if the private sector in their area indicates that that is a desire. They should be like the frontline managers for the system.

They should also have concurrence authority over the vocational education plan, the employment services plan, and the WIN plan for that area.

The State should assume a quasi-middle managemnt role: technical assistance, labor-market information, research and development kinds of projects that are overseen by a State private industry council which also has concurrence authority over those activities, mirroring the local-private-sector-local government relationship.

The Federal Government should have the top management responsibility by establishing allocation criteria, service priorities, target populations and, most importantly, the delivery system, the roles of the three levels of government.

I think the payoffs to legislation which takes into account these two principles—coequal authority between business and Government, and assignment of consistent responsibilities—would be great. It would include, not exclude, all of the parties with a legitimate interest in the program. It would be a political win-win situation which uniquely perhaps also makes for good Government. It would build the capacity at the three levels of government for doing what each is best equipped to do, given the relative distance from the population, the problems, and the opportunities.

Its developments and successes would be shared equally by the public and the private sectors. It would provide a permanent structure worthy of being permanently authorized and it could provide a productive focus for the "New Federalism." It is simple, and it would be logical.

Speaking from a local perspective that has attempted to integrate programs, those four programs, it is needed.

The success of our new system would have to be viewed in the context of the level of resources and the economic conditions at the time. That goes without saying. But a judicious, thoughtful combination of the four bills that are now before Congress, before the two subcommittees, could lead to an increasing opportunity to meet those two challenges.

The 100 CETA directors and Private Industry Council chairs in region IX have the working relationships and the expertise to fulfill our responsibilities both to the economics and to the population, but we need your help. Therefore, we urge you to meet these two challenges: coequal partnership between business and Government, and assignment of consistent responsibilities across all programs.

Thank you.

[The prepared statement of Mr. Wallace follows:]

Revised 3/12/82

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TESTIMONY OF

JOHN W. WALLACE, PRESIDING OFFICER

COMBINED ASSOCIATION OF PRIME SPONSOR ADMINISTRATORS, REGION IX

TO THE JOINT HEARINGS OF THE

UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AND THE

UNITED STATED SENATE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

MARCH 17, 1982

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Mr. Chairman, Senators, and Congressmen:

It is truly an honor to speak with you today.

I am appreciative of the fact that you have invited a local CETA Director--or, I should say, a current local CETA Director--to present testimony.

My name is John Wallace, and I am the Presiding Officer for an association representing fifty-two California, Arizona, Nevada, Hawaii, and Pacific Island CETA directors. I am also the CETA director for San Mateo County, California.

Rather than repeat our position, I would like to depart from the known and the predictable and instead to present two challenges to you. They are challenges that come not only from CETA directors, but from the Private Industry Council Chairs in California, Arizona, and Nevada; from administrators of other human service programs; and from the people who receive the services of our programs.

First is the challenge to establish a truly co-equal partnership between business and government for employment and training programs. Meeting this challenge begins with the recognition that employment and training programs are categorically different from other social programs. They uniquely form the intersection of public sector responsibilities and private sector interests. Concern for the unemployed man or woman or youth whose life is wasting away both economically and psychologically, and concern about the the economic growth and enhanced productivity of the nation's workforce, are in fact mirror reflections of the same issue, only seen from two different but equally important perspectives.

Hence, it is absolutely appropriate to establish a partnership of equal authority between government and business in employment and training programs--a partnership that requires agreement before action, like any good business partnership, or like the balance of power between the Senate and House. It creates a horizontal partnership between government and business from which each benefits. It has worked and is working well under the current Title VII of CETA. Indeed, those who may question whether government and business can work together need only look to the relationship between the PIC Chairs and CETA Directors in Region IX. Together, we long ago agreed to the basic terms of this partnership, which we communicated to you and your staff. Consensus between government and business must be the key ingredient in the system. This first challenge, then, is to establish a truly co-equal partnership and to eliminate provisions which would give either party an unfair advantage and upset this critical balance of power.

The second challenge is equally critical: to assign consistent levels of responsibility to the levels of government involved in the employment and training system. You now have before you the opportunity of a generation to make our employment and training system rational, accessible and useful to the private sector, and understandable to the people. It is fundamentally a challenge to establish a logical partnership between the federal, state, and local levels of government. Not surprisingly, it calls for the application of a deceptively simple private sector management principle to this unique social program. Let me explain.

CETA, Job Services, vocational education, and the Work Incentive Program have all been charged with poor management. The charge has some truth to it because the programs set up by Congress were multiple, uncoordinated responses to a single social problem. They were not established to comprehensively manage a unified, effective response to the problem. These four programs perform an identical function for our economy and our society: they provide for increased economic productivity and growth by providing jobs to unemployed persons.

But we have these four different programs that compete with each other for the attention of the private sector; four different delivery systems that confuse both the private sector and our clients; four different management structures that assign distinctly different management roles and responsibilities to the three levels of government. No wonder we are collectively charged with mismanagement!

My point is that if the three levels of government had the same responsibilities across all programs, then and only then could we manage an effective response to the social and economic problem that the programs were created to address. We know this is so; we are the local managers with day-to-day experience trying to manage the programs.

A good management structure will bring increased cost-effectiveness, since duplication will be eliminated.

A good management structure will bring increased private sector involvement, since the system will be understandable, accessible, responsive.

A good management structure will bring higher quality services to clients, since the system will be managed and manageable.

What should be the local role? Clearly, it should be to relate directly, with a co-equal voice, to the local business community and other groups. Together, they should have the authority and responsibility to plan for all employment and training programs in their area. They should have the responsibility to plan in coordination with contiguous labor market areas if this meets their labor market needs. The local private sector/local government partnership becomes, in a sense, the front-line manager for the system, with the same responsibilities across all programs. This is consistent with our proximity to the people, the problems, and the opportunities. The same rationale that leads to the devolution of federal authority to the states applies even moreso to devolution of this authority to local governments. After all, local jurisdictions are constitutional agents of the state precisely as the states are consitutional agents of the federal government.

Although we are leery and concerned about a State role in this system, and fear the establishment of another layer of bureaucracy, a legitimate State role in this governmental partnership could be forged around the establishment, at minimal administrative expense, of State policies and planning standards, and the provision of technical assistance, labor market information, and focused research and development--akin to middle-management responsibilities appropriate to the "one-step removed" distance that State governments necessarily find themselves. State-level Private Industry Councils should be established as co-equal partners with State government to reflect the local government-private sector partnership.

Finally, the federal government must honor its Constitutional obligation to "promote the general welfare." It should determine general policies, priorities, allocation formula, target populations, and performance and outcome measures for the system. Like the top management in a modern enterprise, it must also establish consistent roles for the levels of government--that is, establish the delivery system. Give the much-needed flexibility to local governments to determine the services for the programs; eliminate much of the proscriptive and procedural language that exists in all of the bills. But it would be a grave error for the federal government to fail to define in the statute the roles and general responsibilities of the three levels of government, just as you must establish the relationship between the government and the private sector.

The pay-offs to legislation that addresses these two challenges would be tremendous. It would include, not exclude, all parties with a legitimate interest. It would be a political win-win situation that also makes for good governance.

It would build a full partnership between the historical, constitutional levels of governance of our nation, and between government and business.

It would build the capacity at all three levels of government for doing what each is best equipped to do--given its relative distance from the people, the problems, and the opportunities.

Its development and successes would be shared equally by the public and private sectors.

It would create a permanent structure worthy of being permanently authorized, one that could readily absorb any new or restructured programs in the future.

It would provide a productive focus for the New Federalism, for which this bill is the first and undoubtedly trend-setting test.

It is simple. It is logical. And it is needed--now.

The success of our new system must be viewed in the context of economic conditions and level of resources. Still, a judicious, thoughtful combination of the many bills before you would significantly increase our chances for success. The one hundred CETA directors and Private Industry Council Chairs in Region IX have the working relationships and the expertise to fulfill our joint responsibilities to our nation's economic future and to our nation's unemployed. But we need your help. We therefore respectfully but urgently ask that you meet these two challenges--to establish a locally-based, co-equal business-government partnership; and to assign us consistent responsibilities across all programs.

Thank you.

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415/363-HIRE

Representative **Hawkins**. Thank you.

The next witness is Ms. Barbara Monahan.

Ms. **Monahan**. Thank you, Mr. Chairman, and thank you for the honor of appearing before you today.

My name is Barbara Monahan, and I am the executive director of the Heartland Employment and Training Administration, which is a five-county prime sponsor in the State of Florida. I also serve as the director of the Private Industry Council.

I am here today representing the Southeastern Employment and Training Association, along with our president, Mr. L. G. Holleman. This association represents 68 prime sponsors in the eight Southeastern States making up region IV.

The association has studied the proposed bills, and after this study I am here to voice the position of the association. Overall, the association endorses House bill H.R. 5320 introduced by you, Congressman Hawkins.

We feel that the continuation of the existing prime-sponsor system is crucial in this time of high unemployment. With 10-percent unemployment or thereabouts, this country does not have the luxury of experimenting with a new concept that may or may not work. The prime sponsor system has worked and has proven to be effective in the planning and the administering of programs and should be maintained with a population base of 100,000 or more as a criteria.

In the last 8 years, despite constant change, the prime-sponsor system has learned much and has progressed to a high level of competency. We are in agreement with changes, that changes in the current legislation are necessary, and support those changes that would provide for stability and flexibility at the local level, as well as reasonable accountability and improved performance.

Not only should the prime sponsor system be utilized in the new legislation, but the national formula for funding, as outlined in H.R. 5320, should be maintained. This formula has assured equitable funding to all areas of the country in relation to the areas' needs, and has succeeded in eliminating political involvement and subsequent possible inequitable funding allocations.

The locally elected officials serving as prime sponsors over the past 8 years have accepted the responsibility for the program. They have assured quality planning, efficient delivery of services, and proper expenditure of funds.

Even though the association endorses the inclusion of a reasonable error rate in regard to the expenditure of funds and subsequent audits, it does not endorse the near elimination of the liability as outlined in the Senate bill, S. 2036. It is our feeling that the Senate bill is relaxing the liability of funds in order to entice the private sector to become more greatly involved.

We are here today to say that this strategy will not improve the program and will not assure the proper expenditure of funds.

We agree with the greater involvement of the private sector. The prime sponsor should have the private sector involved throughout the planning process through membership on the council. However, the liability with some relief should be with the prime sponsor, along with the authority.

Responsibility for the program must include the decisionmaking authority. This authority is currently placed with the prime sponsor, and there is where it must remain. Dual authority between the prime sponsor and the council will not work. It will be cumbersome, it will not necessarily improve the outcome of the programs, and it will leave the locally elected officials who serve as the prime sponsor liable for the funds without the authority to make the decisions that they will be liable for.

The association endorses a singular advisory council composed of majority membership from the private sector. It is suggested as an alternative that the council have review and comment authority, but not joint or veto authority. The private sector has no constituency. The locally elected officials are answerable to the voters, and since this is tax money that we are talking about, the voters should have input and influence into the planning and delivery of the programs. Therefore, we strongly recommend the reconsideration in this regard.

Other positions the association would like to voice, which are included in the detailed position statements being presented here today, are the following:

One, agreement to the performance standards as outlined in H.R. 5320.

Two, the administrative cost limitation of 20 percent as stated in Senate bill 2036.

Three, our agreement of payment of wages at private for-profit worksites up to 12 weeks.

Four, recommendation that the payment of allowances be optional.

Five, agreement with the eligibility criteria for participants as outlined in both H.R. 5320 and S. 2036.

In closing, I am submitting the requested number of copies of the association's position statements on the proposed bills. All of the comments recommend specific sections of either H.R. 5320 or S. 2036 for adoption.

We commend the administration for their commitment to employment and training, as well as to Congressman Jeffords. However, we strongly prefer the language as written in H.R. 5320 over their proposals.

In behalf of the association, I wish to express our appreciation to the committees for allowing us the opportunity to testify. We are dedicated to employment and we are most anxious to have the new legislation that will allow us to meet the needs of our participant population.

Thank you.

[The prepared statement of the Southeastern Employment and Training Association follows:]

SOUTHEASTERN EMPLOYMENT AND TRAINING ASSOCIATION

(SETA)

The Southeastern Employment and Training Association is the professional organization for employment and training in Region IV which includes the eight States of Alabama, Georgia, North Carolina, South Carolina, Tennessee, Kentucky, Mississippi and Florida.

The purpose of the Association is to provide an information exchange system and to develop the technical competence in the employment and training field; to further the educational and career objectives of its members; to improve and develop the science of employability development and training planning; to serve in an advisory capacity to the Employment and Training Administration and such others as may be deemed appropriate and advisable; and, to render assistance to cities, counties, and states in developing a more effective utilization of their employment and training resources for the purpose of education, training and supportive services.

The membership of the Southeastern Employment and Training Association is composed of representatives of most all Prime Sponsors in the Region as well as associate members who work in the employment and training field.

PRESIDENT

Mr. L. G. Holleman, Director
Durham Employment and Training Department
Durham, North Carolina

FIRST VICE-PRESIDENT

Ms. Patricia M. Brown, CETA/PIC Director
Gwinnett County CETA Program
Lawrenceville, Georgia

SECOND VICE-PRESIDENT

Mr. George Chiotellis, Director
Department of Labor Resources Development
Savannah, Georgia

PREPARED BY:

Ms. Barbara L. Monahan, Executive Director
Heartland Employment and Training Consortium
Bartow, Florida

POSITION STATEMENTS ON EMPLOYMENT AND TRAINING LEGISLATION

BY: SOUTHEASTERN EMPLOYMENT AND TRAINING ASSOCIATION

DELIVERY SYSTEM:

The Southeastern Employment and Training Association (SETA) supports the continuation of the current delivery system and the current definition for Prime Sponsor designation. The current Prime Sponsor system has developed sophisticated management systems that have proved effective in efficiently administering the Comprehensive Employment and Training Act. The current system is responsive to local needs and includes the necessary accountability needed in a federally funded program. SETA believes it is better to utilize the existing system with improvements than to start over with something new and unproven. This is especially true when there are nearly 10,000,000 people unemployed in our country.

SETA strongly supports H.R. 5320

DISTRIBUTION OF FUNDS:

SETA's position is that a national formula for funding is necessary for the equitable distribution of funds. This formula should be based on unemployment, poverty level families, and labor force comparisons as is currently constituted in the CETA Act. It is very important to protect the rural areas where unemployment can be a severe problem. It is also important to not subject funding of employment and training programs to political considerations. The formula, as outlined in H.R. 5320, provides funds in the most equitable manner to all areas of the country, urban and rural.

SETA supports H.R. 5320

LOCAL PLANNING AND ADMINISTRATION:

SETA's position is that the local Prime Sponsor should have the authority and the flexibility to plan and administer services to local residents to the best of their ability and judgements. This should be accomplished with a singular advisory council that has a majority membership coming from the private sector. The Prime Sponsor should further have the prerogative to deliver services in-house or to subcontract to other agencies. SETA believes that Prime Sponsors have been both accountable and liable for the expenditure of funds for the past eight years and should continue to have this authority and opportunity. Along with liability must come authority.

SETA's position is that the role of the Private Industry Council should be to identify employers' employment and training needs and to assist the prime sponsor in the planning of services to meet these needs. The Private Industry Council should not have the presumptive role of recipient and/or administrator. It is recommended, however, that the Prime Sponsor be required to present the plan to the Private Industry Council and allow the Council review and comment priviledges. A letter from the Council Chairman could be required to outline a concurring or dissenting opinion. In summary, the Council is important to the success of the programs and should have significant input into the planning, but the Council should not have veto power.

SETA supports H.R. 5320 except SETA disagrees with the authority of the Council and recommends that the Council be placed in an advisory role.

PERFORMANCE STANDARDS:

In an attempt to recognize the outstanding services provided by many Prime Sponsors and in an attempt to identify and assist those needing additional technical assistance, the SETA supports the establishment of performance standards as outlined in H.R. 5320. The key to successful application of performance standards is the inclusion of local circumstances. The bill, H.R. 5320, satisfactorily addresses this key in the inclusion of a waiver system by the Secretary for adjusted standards. SETA also agrees that the standards should vary between adult and youth services.

SETA supports H.R. 5320 for performance standards with waiver provisions.

ADMINISTRATIVE COSTS LIMITATION:

It is the goal of all of the Prime Sponsors in SETA to plan and administer their grants as cost efficiently as possible. However, the regulations and the Act have placed many administrative burdens on the Prime Sponsor which does not always allow for low administrative costs. There have been mandated staffing requirements, eligibility verification duties, myriad reporting requirements, cross-tabulating of client characteristics, and client tracking. SETA supports the elimination of many of these requirements. With this elimination the administrative costs limitation of fifteen percent in H.R. 5320 is supported.

SETA supports H.R. 5320 provided that administrative requirements are reduced to the maximum extent possible.

PUBLISHING REQUIREMENT:

The SETA opposes the provision in S. 2036 requiring the publishing of the annual plan 120 days and 80 days prior to submission. This requirement, which was in CETA, is a waste of tax dollars and has very seldom, if ever, resulted in any measurable benefits. SETA favors a public meeting or a regular Council meeting to discuss the details of the annual plan.

SETA favors the abolishment of the publishing requirement.

CONTRACT OF SERVICE DELIVERY:

The SETA supports the authority of the Prime Sponsor to select the service deliverer of its programs. This includes the option to act as the service deliverer itself, with no requirement to contract out the delivery of services if it is more cost effective not to contract. This is particularly important when considering the reduction in funds and limits on administrative costs. In many rural areas there are no existing deliverers of service other than the Prime Sponsor. Furthermore, many Prime Sponsors have now been operating and delivering services for eight years and have sophisticated systems.

This comment is made due to a provision in S. 2036 which states if the PIC is the administrator then 80 percent of the services must be contracted out to other delivery agents. It is possible that the same staff could be involved even if the PIC became the administrator and recipient of the grant.

SETA supports H.R. 5320 which provides local flexibility.

STATE JOB TRAINING COUNCIL/STATE EMPLOYMENT & TRAINING COORDINATING COUNCIL:

SETA finds it interesting that both of the bills (H.R. 5320 and S. 2036) propose a State level council that is advisory in nature. SETA agrees with the requirement to utilize advisory councils but questions why the local council should not also be advisory to the Prime Sponsor instead of the advanced powers of concurrence and joint approval authority that each bill proposes.

SETA supports local and State advisory councils.

PAYMENT OF WAGES AT PRIVATE-FOR-PROFIT WORKSITES:

The SETA supports the provision in H.R. 5320 that allows for short-term employment at private sector worksites as a tool to increase employability and thereby enhance unsubsidized placement. However, it would be more effective if the time frame was increased from 8 weeks to up to 12 weeks. Many Summer Youth Employment Programs offer summer employment in excess of 8 weeks which could cause difficulties if the private sector time frame were not increased. If this provision is adopted in the new legislation then it is imperative that the regulations written minimize the red tape involved in behalf of the private sector.

SETA supports H.R. 5320 with modification from 8 weeks to up to 12 weeks.

PAYMENT OF ALLOWANCES/STIPENDS:

In contrast to S. 2036 which prohibits the payment of allowances, the SETA prefers H.R. 5320 which mandates the payment of allowances. However, it is strongly preferred that the payment of allowances be optional, neither mandated nor prohibited. H.R. 5320 does allow for a waiver provision by the Secretary but does not specify the criteria for waiver approval. The payment of allowances has been the difference for many low-income persons to be able to obtain a marketable skill and thereby eliminating their dependency on the Federal government or remaining in a dependent status. An alternative or compromise could be to pay allowances only to those participants who are economically disadvantaged. It is further recommended that the amount of allowances paid not be specified but locally determined. In this respect a Prime Sponsor could build financial incentives into their system for successful training progress as well as make adjustments due to budgetary considerations.

SETA supports H.R. 5320 but prefers allowance payments be optional.

CLIENT TRACKING, PROGRAM DURATION LIMITS, ELIGIBILITY VERIFICATIONS, ETC.:

The SETA questions the practicality and the cost-effectiveness of the many programmatic and administrative requirements which have been in effect under the CETA Act and are being proposed to be continued under H.R. 5320. Has an inquiry been conducted to ascertain the value of these requirements? Has "program-hopping" been eliminated? Has fraud been reduced? We are in agreement to adding increased integrity to the system but have these requirements been effective?

SETA supports a study into the effectiveness of above requirements prior to the inclusion into new legislation.

EMPLOYMENT GENERATING SERVICES:

SETA supports H.R. 5320 in continuing the current definition of employment generating services. S. 2036 appears to make the current definition more restrictive in stating that it is to be used to create jobs for eligible persons, rather than simply creating new jobs. It must be understood that the creation of new jobs helps all persons in a community and this should be an allowable activity in the new legislation.

SETA supports H.R. 5320.

ELIGIBILITY REQUIREMENTS FOR PARTICIPANTS:

SETA supports the definition of economically disadvantaged in H.R. 5320 and S. 2036. SETA further supports the allowance of ten percent of the participants to be exempt from the income criteria if they possess other barriers to employment. Due to high unemployment in areas that will be eligible for the National Economic Adjustment Program, SETA also supports the allowance of twenty percent of the funds being utilized for higher income people who are long-term unemployed (10 of the last 12 weeks).

SETA supports H.R. 5320 and S. 2036 in regards to eligibility.

SERVICE LEVEL FOR YOUTH:

If a specific percentage must be included for a service level for youth in the new legislation then SETA supports the provision in H.R. 5320. However, this support is contingent upon the inclusion for negotiation of percentage required with the Secretary due to local demographic and economic conditions. Areas of excessively high unemployment among adults may find it inequitable to be required to expend one-half of their funds on services to youth.

SETA supports H.R. 5320 if percentage can be negotiated.

COMPLAINTS AND SANCTIONS:

The time frame that is included in H.R. 5320 for the conduction of hearings is entirely too short. The bill states that a hearing must be conducted within 30 days of the initial filing of the complaint and that decisions must be rendered within 60 days of the filing of the complaint. This time frame should be adjusted to 60 days and 90 days respectively, which would still assure timely resolution of a complaint.

SETA supports longer time frames for hearings and decisions.

LIABILITY OF FUNDS:

The SETA position is that the local Prime Sponsor should be held accountable for the proper expenditure of funds, with the legislation including a reasonable error-rate. No matter how sophisticated the management systems are or how conscienteous the staff may be, unintentional errors occur. The Prime Sponsor should not be required to make repayment for such errors. This does not include errors or misexpenditures that result from gross mismanagement, fraud, etc. The provision in S. 2036 is suitable and preferred over H.R. 5320.

SETA supports the inclusion of a reasonable error-rate.

ECONOMIC ADJUSTMENT PROGRAM:

SETA applauds the Economic Adjustment Program outlined in H.R. 5320. In areas of high unemployment and faltering economies, this program would be extremely beneficial in the stabilization of the economy and the workforce.

SETA supports H.R. 5320.

AUTHORIZATION:

To have the new employment and training legislation permanently authorized is strongly supported by SETA. This will add much needed stability and integrity to the system, provided that the rules and regulations issued by the Secretary do not continually change.

SETA supports permanent authorization.

PROGRAM ELEMENTS:

The program services as described in H.R. 5320 are supported by SETA as appropriate and effective activities for an employment and training program to offer its participants. It is felt that subsidized employment is an effective tool in assisting the unemployed when no unsubsidized jobs are available in the community.

SETA supports activities as outlined in H.R. 5320.

POSITION STATEMENTS BY SETA
Page six

COORDINATION PROVISIONS:

SETA is in agreement with the joint planning incentives included in H.R. 5320 for the Employment Service, vocational education, welfare and economic development with CETA or its replacement. SETA further agrees with the elimination of non-labor exchange functions from the Employment Service through an amendment of the Wagner-Peyser Act. In conformance to this amendment the WIN program could be included as a function of the Prime Sponsor which would allow for easier coordination of services to the welfare recipients and joint planning by the Private Industry Council.

SETA supports the coordination provisions outlined in H.R. 5320.

AUTHORIZATION LEVELS:

In order to have an effective program, sufficient funding must be authorized. SETA supports the level of $5.0 billion as outlined in H.R. 5320. However, it is recommended that a minimum of $3.9 billion be allocated to Prime Sponsors and state programs.

SETA supports the total authorization level in H.R. 5320.

Representative HAWKINS. Thank you.

Mr. James Baker, president of the Harlan County Coal Operators Association.

Mr. BAKER. Chairman Hawkins and members of the joint subcommittees, my name is James Baker and I am president of the Harlan County Coal Operators Association located in eastern Kentucky. I am also a member of the Private Industry Council of the Eastern Kentucky Concentrated Employment Program and a former deputy superintendent of public construction for occupational education in the Commonwealth of Kentucky.

I appreciate the opportunity to appear before you today and to speak about employment and training concerns from a rural point of view, particularly from the perspective of eastern Kentucky where I live and work. It has been my privilege to be a lifelong resident of eastern Kentucky and over the years there have been a number of changes in the area, both social and economic, just as in any other part of the United States. But I think sometimes the changes are more obvious in eastern Kentucky because of the relative isolation in the area.

One of the biggest changes has been the fluctuation in population. In the 1950's and the 1960's our population was declining rapidly. In fact, in the county in which I live, in 1949, there were 80,000 people. It dropped to some 32,000 and now it is back up to approximately 40,000, so there was over a 50-percent decline. Now that trend has reversed, and during the decade of the 1970's the population in the 23 counties served by the eastern Kentucky concentrated employment program has increased 26 percent, a growth of over 100,000 persons.

This growth can largely be attributed to inmigration, the returning of people who left their homes to make a living in an industrial area and came back home because of the decline of employment opportunities in many of those industrial areas. But those same people became disillusioned with the economic, social, and labor market conditions in those industrial areas, so they came home when the coal market saw an expansion.

Coal is the major industry in eastern Kentucky and has brought some degree of stabilization to the local economy. But a one-industry economy such as ours has difficulty any time there are major changes in that industry. Changes in the coal business, such as advances in technology and strip versus deep mining, have prevented the absorption of these returnees into the labor market.

The result has been that, along with the rapid population growth, we also have the highest unemployment rate in the area. In December 1981, Menifee County, Ky., had an unemployment rate of 37.6 percent. During 1981, the unemployment rate for the eastern Kentucky CEP area dipped below 9 percent only during the month of September. Otherwise, the rate hovered around 11 to 13 percent, an increase of 2 percentage points over the previous year.

It has been estimated that a 1-percent rise in the unemployment rate in eastern Kentucky translates into $1,456,000 in lost revenues and increases in welfare per month. Annually, this amounts to $17,472,000. An increase of 2 percent, then, in the average annual unemployment rate for eastern Kentucky would amount to a loss of $35,000, considerably more than the funding for the area provided for employment and training through CETA.

My specific involvement with CETA has been as a member of the Private Industry Council. PIC's are charged with increasing the participation of private industry in employment and training activities and we have endeavored to accomplish this in eastern Kentucky. We have reviewed many projects, funded several, and have experienced much success.

Most importantly, we enjoy an excellent working relationship with the local prime sponsor for CETA, the eastern Kentucky concentrated employment program. We, meaning the prime sponsor and the PIC, see our task as working together to insure that our eligible and needy eastern Kentuckians are provided the levels and kinds of services necessary to help them become fully participating members in our society.

CETA has worked well in eastern Kentucky. I firmly believe it has functioned as it was intended. Now there is much attention on a replacement for CETA, and that replacement, I feel, must be carefully selected for its impact on national, regional, and local levels.

I have had an opportunity to review most of the proposed legislation and I feel that with the exception of the proposed Community Partnership for Employment and Training Act, the bills appear to be aimed at AFDC recipients, youths, and persons living in urban areas. It is even proposed that allowances not be paid to persons attending vocational school.

In urban areas, where students can live at home and ride a bus to school, that may work. But what about heads of households in eastern Kentucky who need to support their families while traveling 30 miles or more each way to the vocational school? Can they take a training program for 6, 9, or even 11 months without some income? I personally don't think so.

In my opinion, in order to be viable for all our citizens, any employment-and-training legislation must contain the following two elements as essentials:

One, that it have adequate funding to do the job right.

Two, that it have sufficient flexibility to meet the needs of people on the local level.

Adequate funding is essential because of the increasing need. How can we assume that the need will be less when the employment rate is growing more rapidly?

Sufficient flexibility is necessary because local needs are best addressed through local decisionmaking. CETA took the program management away from the Federal Government and gave it to local entities. This has allowed a high level of expertise to be developed and has provided for the design of programs to speak directly to public needs.

Some of the proposals would give the funds to the States. While I feel that this would be perferable to attempts to design and manage programs strictly from the national level, I still favor direct funding to local areas. The differences between Louisville, Ky., and Menifee County, Ky., are such that completely different strategies and systems must be employed in those areas. Logistics have a great impression upon the type of job and the type of employee that we need to train.

I strongly endorse the concept of involvement of the private sector in employment and training activitites, but I feel that this involvement is best placed in an advisory capacity rather than a program operator or administrative role. Do private employers have the time to deal with the nuts and bolts of a delivery system? Most of our employers have 10 or fewer employees. I don't think they have the time for the day-to-day management of employment and training programs.

It is my opinion that CETA has been an effective tool in eastern Kentucky. I strongly urge, as you consider employment-and-training legislation, that all of those elements which have made CETA an effective program across the country be retained.

I thank you for the opportunity of being here.

Representative HAWKINS. Thank you, Mr. Baker.

The chairman of our Education and Labor Committee on the House side had hoped to be here at the very beginning to welcome you. He has now arrived, and the chair would like to interrupt at this time to yield to Mr. Perkins, the chairman of the Education and Labor Committee on the House side.

Representative PERKINS. Thank you very much, Mr. Chairman. First, let me say that I regret not hearing all the testimony of the panel.

I would like to ask Mr. Baker a couple of questions since he is president of the Harlan County Coal Operators Association, a businessman, and a member of the Private Industry Council to advise CETA, the comprehensive employment and training program that we have in our district down there.

I would like to ask you how you feel that the recommendation of the administration is working to let the private sector take care of all the training programs? Will that work?

Mr. BAKER. No, sir.

Representative PERKINS. Why not?

Mr. BAKER. Well, as I stated in my prepared statement, so many of our businesses are limited to 10 to 12 employees. Most of the time the owner or the director of that business is the trainer, or he has to extend all of his time to supervision, to the various regulatory agencies that are involved, to the sales, and he does not have the time really to get into the training.

Quite often there are specifics in the training that are diversified and that individual could only direct his attention to certain phases of it. We need the training that can bring the expertise into each phase of a business into it, whether it is a hands-on type of job, whether it is a computer operator, if we are retraining welders to a job specific, to a site-specific thing, it has to be this type of expert.

Representative PERKINS. Now the unemployment rate throughout eastern Kentucky has increased, especially in the coalfields. I should have prefaced my remarks by stating that it has really increased since we got out of the training down there to a great degree.

What is the best way for us to reduce that unemployment and, in your judgment, the only way that we are going to effectively reduce the unemployment?

Mr. BAKER. Mr. Perkins, it is my opinion that all of us who have a vested interest in this need to be taken apart like a PIC council or other agencies. But we need to plan and know what the future of the economy is. For example, the coal industry in eastern Kentucky dominates the other types of business. If it is changing through technology and through requirements of regulations, there are a number of small businesses that support the coal industry. As an example, the trucking industry; another one would be sales; another one would be repair of equipment; another would be people who sell and distribute diesel fuel.

But more than that, we have gotten into knowing about vegetation and the reclamation of land, knowing about hydrology and water. We have a demand for many specialized skills. There are not now nor will there be, unless CETA-type programs implement the training for these small, private industries, and there are literally thousands of jobs there that can be available if we bring about this type of training.

Representative PERKINS. You mentioned the CETA-type program. Do you refer to the program that Mr. Hawkins provides for in his bill, or is that the type of program that you mean?

Mr. BAKER. Yes, sir.

Representative PERKINS. That will even provide some stop-ins and encouragement for youngsters to take the training if they are married, and pay some of the expense.

Mr. BAKER. Most of the people that are needing training, if they had the training it would be logical to assume that they would have some type of employment. They would have a better chance. But many have not had, and consequently, they are young, married couples or older people who need retraining for job opportunities. They have commitments at home and they need a stipend to be able to sustain the living and the education of those children and the other needs of a family life while they are taking training.

Representative **Perkins**. Do you think that in the long run if we pass the Hawkins proposal, we will save the Government money, to let those youngsters and elderly people likewise become taxpayers?

Mr. **Baker**. I think it is their single desire to prepare themselves to take their place in society and to be wage earners and, consequently, in the future be taxpayers in our society; yes, sir.

Representative **Perkins**. Thank you very much, Mr. Chairman.

Representative **Hawkins**. Thank you for helping clarify many of the issues, Mr. Chairman.

The next witness is Mr. Robert D. Johnston.

Mr. **Johnston**. Mr. Chairman, members of the committee and Mr. Perkins: I hope you will excuse me for facing this way here at the table.

I am Robert D. Johnston, executive director of the Broward Employment and Training Administration in Broward County, Florida, and also the employment and training representative on the National Association of Counties' board of directors.

I want to thank you, Mr. Chairman, Mr. Jeffords, Senators Quayle and Kennedy and others who recognize the need for continuation of a national job training program.

At BETA we have operated many research and demonstration programs over the past few years. We are currently the operating State training institute for professional level staff training throughout Florida. Based on that experience, I would like to target my specific testimony on major parts of the bills under consideration, especially those which we find to be streamlined, efficient, and appear most productive. We use CETA for convenience, but we realize the name will change.

We support a continuation of most of the present prime sponsor system with the inclusion of a new and powerful role for the private business sector. By major category, then, my comments are:

FUNDING

Funding for CETA is now far smaller than it should be for the good of our Nation and our clients. It would be smart investment economics to increase it substantially. This is because CETA is a positive investment mechanism which pays more back to the public than it costs, since it provides new workers and new income taxes to our economy, and since many of these new workers formerly were on welfare.

CETA is also a necessary intervention since it offers an array of specialized techniques to connect unemployable persons with jobs in new and innovative ways.

There should be only two fundamental types of job training funding. First, funding should be provided for youth, and second, for all other economically disadvantaged, unemployed persons. A third, separate fund should be provided within the same delivery system for retraining displaced workers and others not among the long-term poor but who have very real barriers to employment and productivity in our society.

ALLOCATION OF FUNDS

The allocation process should be simple and straightforward. The present streamlined system of providing funds directly to prime sponsors in metropolitan areas and States for balance-of-State operations should be kept in place. Therefore, we support the direction outlined in your bill, H.R. 5320.

FORMULA DISTRIBUTION FACTORS

Again, we support the formula in H.R. 5320. This bill heavily emphasizes funds flowing directly to those places with the greatest need where they can be most effectively used. Some other bills would distribute through States. This makes no sense to us. A great deal of America's enterprise emphasizes cutting out the middleman. If it is true in business, it is true in Government.

Congressman Jeffords' bill, H.R. 5461, probably has the second most reasonable distribution formula.

SERVICE DELIVERY AREAS

Again, we support the language in H.R. 5320. Since all the other bills would fund programs to or through Governors, a word is in order. State CETA performance is often poor or below average. This is not because they have poor personnel or policies, but because there is no way for a distant State bureaucracy to understand problems and devise solutions at the level of detail of a local prime sponsor, and they have learned that in their education systems, which are heavily locally operated.

It must be recognized that CETA is and has always been a block grant. It is also the most streamlined, simple form of block grant, one flowing directly from the Federal Government to local and State governments. Governors should play an increased role in signing off on plans, coordination of interstate activities and the like.

PLANNING

We heavily supply concurrent planning and approval authority by a local board with a business majority jointly responsible with the prime sponsor for planning and approving all activities. We support the language in H.R. 5320 which would accomplish this in the most streamlined fashion. Anything which adds complexity to the desired public/private partnership will result in less private sector commitment and lower program performance.

H.R. 5461, Congressman Jeffords' bill, also provides important business and industry authority, as well as chief elected officials appointing authority.

ADMINISTRATION

Again, we support H.R. 5320. However, the proposed limit of 15 percent for administration should be raised to 20 percent, as in S. 2036, Senator Quayle's bill.

ELIGIBILITY

Here we support the detailed comments of NACO calling for one type of means test for all, with age limitations for youth. Of course, separate arrangements should be made for displaced workers.

PROGRAM DESIGN

Again, H.R. 5320 provides the simplest and most effective proposal under which prime sponsors receive a single Federal grant to help disadvantaged adults and youths. It is extremely important to allow wages and allowances. The current law is adequate.

If the notion is that persons should not receive allowances so they would be truly dedicated to training, then use tough performance standards to assure that clients will not be unnecessarily long in training programs toward those programs which perform well. Motivation can't pay the rent or buy food. We note that only Congressman Hawkins' and Congressman Jeffords' bills provide for these necessary allowances.

PERFORMANCE STANDARDS

There should be tough, comprehensive performance standards for all CETA programs developed by the Secretary, working with program operators.

STATE ADVISORY COUNCIL

We believe that S. 2036 is the simplest and most effective approach but can be accomplished within the framework of H.R. 5320.

FISCAL AND PROGRAM ACCOUNTABILITY

Again, H.R. 5320 is the simplest and most effective approach.

AMENDMENTS TO OTHER STATUTES

We believe that S. 2036 provides the best approach. In fact, the language amending the Wagner Act to provide for local planning in CETA's most closely related federally funded partner is compatible with the general structure, we believe, of H.R. 5320.

Thank you.

[The prepared statement of Mr. Johnston follows:]

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TESTIMONY OF ROBERT D. JOHNSTON

Executive Director
Broward Employment & Training Administration

Submitted to Congress March 17, 1982

I am Robert D. Johnston, Executive Director of the Broward Employment and Training Administration (BETA). We are a consortium (Council of Governments) of the cities of Fort Lauderdale and Hollywood and the Board of County Commissioners in Broward County, Florida, formed in 1973 to administer Comprehensive Employment and Training Act (CETA) funds allocated to Broward County.

We operate as a fully centralized Prime Sponsor, contracting out only classroom training. We have also operated many Research and Demonstration programs for the U.S. Department of Labor over the past 8 years and we are currently designated as the State Training Institute (STI) for professional-level training and staff development in CETA and related Employment and Training programs throughout Florida. Our experience has led us to some firm convictions on what works and doesn't work and what should and should not be in any new legislation enacted to replace CETA. We are familiar with the several bills submitted in the House of Representatives and the Senate and I will target my specific testimony on these bills, especially ones which are streamlined, efficient and appear most productive. We intend our use of the word "CETA" to generically represent Federally-funded job-training programs, although we recognize the name will change under any of the bills.

"BETA MEANS BUSINESS"
AN EQUAL OPPORTUNITY EMPLOYER M/F/H

It may be recognized that my testimony closely parallels the concepts advocated by the National Association of Counties (NACo), the U.S. Conference of Mayors (USCM) and others who support a continuation of most of the present Prime Sponsor system, with the inclusion of a new and powerful role for the Private Business sector. This testimony is backed up by our Broward County Private Industry Council, Community Based Organizations who work with us, our educational institutions and others who understand and support CETA in Broward County, Florida. It has been developed through a rather lengthy dialogue over the past several months.

FUNDING

Funding for CETA is now far smaller than it should be, for the good of our nation and our clients. It is a negative economic consideration to further cut CETA funding from its present level of approximately $3.6 billion nationwide. It would be smart investment economics to increase it substantially. This is because CETA is a positive *INVESTMENT MECHANISM* which pays more back to the public than it costs, since it provides new workers and new income taxes to our economy, and since many of these new workers formerly exerted negative pressure on our tax structure because of heavy dependence on welfare or other forms of public assistance. CETA is also a necessary *INTERVENTION MECHANISM*, since it offers an array of specialized techniques to connect unemployable persons with jobs, in new and innovative ways.

There should be only three (3) fundamental types of job-training funding for economically disadvantaged, unemployed persons. First, funding should be provided for Youth and second, for all others. Third, separate funding should be provided (within the same delivery system) for retraining displaced workers. It is evident that America must retrain many of our workers (or "out-of-workers") who have obsolete skills. It makes no sense to set up duplicative, and possibly conflicting training systems for persons who have been poor for a long time and those who have only recently become poor, since all can be trained under the same roof, using the same skills, in the same programs.

ALLOCATION OF FUNDS

The allocation process should be simple and straightforward. As we will later advocate, the present, streamlined system of providing funds directly to Prime Sponsors in Metropolitan areas and states for other (balance-of-state) areas should be kept in place. Therefore, we support the direction outlined in Congressman Augustus Hawkins' Bill (HR 5320) which would allocate some 83% of funds to Prime Sponsors as now defined. We also believe that the highest possible allocation should be made for Performance Bonuses as well as Incentive Matching Grants to attract non-Federal funds. For retraining activities, there should be a substantial match required from non-Federal funds. Where at all possible businesses should be given tax and other financial incentives for training, retraining or otherwise providing support to government-funded job training programs. Since BETA has no responsibility for national programs or specialized programs such as the Jobs Corps we will not comment on these.

FORMULA DISTRIBUTION FACTORS

We support the formulae in HR 5320. This bill heavily emphasizes funds flowing to those places with the greatest need as well as distributing the funds directly to the areas where they can be most effectively used. Some other bills would distribute through states. This makes no sense. A great deal of America's enterprise emphasizes the efficacy of "cutting out the middleman." If it's true in business, it's true in government. CETA funding is now about as streamlined as it can possible be, which is of course a major tenet of the "New Federalism." Congressman Jefford's Bill HR 5461 probably has the second most reasonable distribution formula.

SERVICE DELIVERY AREAS

Again, we support the language in HR 5320. Since all the other bills would fund programs to or through governors a word is in order. Look at the performance of CETA during the past eight (8) years. Some of the very worst-performing programs are those operated by states. This is not because they have poor personnel or policies but because there is no way for a distant state bureaucracy to understand problems and devise solutions at the level of detail of a metropolitan Prime Sponsor. As a parallel, no state, however small, runs its education system entirely from its state capital.

We appreciate the language in some of the bills requiring a type of pass-through to local Prime Sponsors. Everyone seems to agree that these programs should be carried out at the local level. Why then create a separate state bureaucracy simply to "pass through" the funds? U.S. Secretary of Labor Raymond

Donovan told a recent National Governors Association meeting that States could do the job best " ...in conjunction with their local government units, " because Governors best understand the changing demographics, economic forces, and skill needs within their states. We beg to differ. Florida, for instance, has at least 13 very different labor-market areas, and even "statewide industries" such as tourism vary greatly in trained manpower needs throughout the state. There is also an important cost factor to be considered here. The Federal government now has very few personnel in its regional offices. It requires of all Prime Sponsors a high level of programmatic and fiscal control, auditing and the like, and extensive reporting on same, which it does not require of itself. The Primes must pass these requirements on to our program operators. Undoubtably going to a "State Bloc Grant" system would require the Federal government to pass on the same requirements to the state as they now pass on to us, plus they would then have to pass on these requirements to us and we to our contractors. This would absolutely assure the creation of large, new state bureaucracies, but it would not cut down one bit on the number of personnel required by local Prime Sponsors or contractors. The result? Less money flowing to training to turn tax users into taxpayers and more money spent for the "reporting bureaucracy."

It must be recognized that CETA is, and has always been, a Bloc Grant. It is also the most streamlined, simple form of Bloc Grant; one which flows directly from the Federal government to local governments in our major metropolitan areas where our most difficult poverty problems exist. There is absolutely no rationale for rolling this program into the state Bloc Grants as is proposed for many Federally-funded programs.

Governors should play an increased role in signing off on plans, coordination of intra-State activities and the like. This would not require additional siphoning off of scarce administrative monies. The present administrative structure could support it.

PLANNING

We heavily support concurrent planning and approval authority by a local board with a business majority, jointly responsible with the Prime Sponsor for planning and approving all activities. We support the language in HR 5320 which would accomplish this in the most streamlined fashion. Most other bills are either extremely proscriptive or contain vague and unclear references to who does what. They are also unnecessarily complex. Anything which adds complexity to the desired local public/private partnerhsip will result in less private sector commitment and lower program performance. The major problem we have had in dealing with the Private Sector over the years, as will be attested to by all Federally-funded programs, are prohibitions and restrictions unnecessarily placed in Federal legislation and regulations by the U.S. Government, which we must then pass on to businesses which are not exactly falling all over themselves to deal with us to begin with. Keep it simple. HR 5461 Jefford's bill does provide important business and industry authority as well as chief elected officials appointing authority. This is good, but the political jurisdiction (200,000) is too large and money should not be subgranted through the state.

ADMINISTRATION

Again we support HR 5320. However, the proposed limit of 15% for administration should be raised to 20%. CETA simply cannot go on year to year with no increase in administrative allowances and then take a decrease in the face of continuing inflation. If reason prevails, and CETA programs continue to be funded and operated as the most streamlined form of Bloc Grant possible none of the complex and unfinished language in most other bills introduced in the House and Senate would be necessary.

ELIGIBILITY

There should be only two kinds of eligibility requirements for economically disadvantaged, unemployed persons who wish to enter our programs; (1) a common income or means test for everyone, coupled with a period of unemployment if necessary and (2) a certain percentage of funds allocated to youth, wherein the only difference from the general standards would be in their ages. There also may have to be special requirements for displaced homemakers, ex-offenders, handicapped persons and the like. For displaced workers in retraining programs a means test should be applied. Elibility should be determined according to either a period without work or they should be immediately eligible upon layoff, provided there are no jobs to be obtained in their skill areas.

PROGRAM DESIGN

Again, HR 5320 provides the simplest and most effective proposal, under which Prime Sponsors receive a single Federal grant to help disadvantaged adults and youth, but certain specified levels of service delivery must be provided to youth. It is extremely important to allow wages and allowances. The current law is adequate. To limit or prohibit wages and allowances, as the other bills would do, is to fly in the face of reality. The rationale given by one Congressional staffer at a national meeting was "they were getting along somehow before they came into the program and we assume they'll continue to do so." This kind of thinking ignores the obvious fact that poor people "get along" in many ways that are counterproductive to our economy. If you are collecting welfare, selling illegal items or substances, working in an underground or barter economy (or otherwise working outside the mainstream of our legal taxing structure) you are not contributing to the national economy. You may be perpetuating public dependence.Prohibiting allowances appears to be only a convenient way to save money, while also arguing that you're serving the same number of people.

If the notion is that persons should not receive allowances so they would be truly dedicated to training, then use tough performance standards to assure that Prime Sponsors cannot have people unnecessarily long in training programs. Adequate performance bonuses, applied across the board to all Prime Sponsors, would deny substantial funding to those who are allowing people to occupy slots for the purpose of collecting a stipend and reward those who are performing well, by getting trainees out of training and on to a job. The two basic measures for performance are (1) cost per placement and (2) placement rate. The first will be low and the second high in Prime Sponsors who are running effective training and job-getting programs. The opposite will be true were Prime Sponsors are not performing well. Similar results will be found in other performance measures. Learn from Private Business. Provide incentives, track results, pinpoint problems and provide solutions rather than attempting to proscribe in unrealistic ways for all Prime Sponsors in our very diverse economy. It may be true that some persons entering training programs without stipends would evidence more motivation, but motivation can't pay the rent or buy food. We note that only Congressman Hawkins and Congressman Jeffords bills provide for these necessary allowances.

PERFORMANCE STANDARDS

There should be tough, comprehensive performance standards for all CETA programs. The present performance standards are very problematic in that they provide sophisticated statistical analyses of relatively unsophisticated data. A first year college primer on statistics would reveal that this is exactly the wrong thing to do, since it skews data and leads to false statistical outcomes. We believe the language in HR5320, requiring the secretary to establish minimum national performance standards with separate standards for youth, to be the right approach. We also believe you will develop the most effective performance standards by requiring the participation of Prime Sponsors and others actually operating programs.

STATE ADVISORY COUNCIL

In this instance we believe that S 2036, Senator Quayle's bill, is the simplest and most effective approach. Of course, we believe that this Advisory Council should operate within the framework of HR 5320. That is, the Governor should only operate programs and the State Advisory Council should have concurrence authority in balance of state areas as well as having responsibility to review and comment upon plans submitted to the Governor by metropolitan Prime Sponsors within the state.

FISCAL AND PROGRAM ACCOUNTABILITY

It is evident that HR5320 is the simplest and most effective approach. CETA now has an enormous overlay of fiscal and program accountability. It is probably the single most accountable nationwide domestic assistance program extant. There is no need for further increases in accountability, although there may be a need for new directions based on new legislation. There is, however, the need for some kind of allowance for error. It cannot be reasonably expected that a 3+ billion dollar program can never have an ineligible, never misspend a dollar, never make a mistake. Other domestic assistance programs have allowances for error ranging from 3-5%, yet CETA has always been denied this. It is time to recognize reality and allow some margin for error while demanding stringent fiscal and program accountability to assure high performance and public trust.

AMENDMENTS TO OTHER STATUTES

We believe that S 2036 provides the best approach here. In fact, the language in S 2036 amending the Wagner-Peyser Act, CETA's most closely related Federally-funded partner, is compatible with the continuation of the Prime Sponsor system as advocated by HR 5320, especially in its provision for local Private Industry Council (PIC) planning for Wagner-Peyser funds in local areas.

That completes our view of the major provisions of the proferred legislation. We would like to make several other points.

PUBLIC SERVICE EMPLOYMENT

Public Service Employment (PSE) is gone. While there are differing opinions on its past value, it is evident that it will only return when the economy gets so bad that the people once again turn to government as the employer of last resort, as they have in the past. However, since PSE has been gone for nearly a year in most Prime Sponsors, it is time to stop whipping it, time to stop using CETA performance statistics which include part PSE programs and to get on with job training programs for unemployed, economically disadvantaged persons and displaced workers.

PRIME SPONSORSHIP

Prime Sponsorship works well, It is, even at this relatively early stage of Private Industry Council development, one of the greatest examples of Public/Private Sector cooperation in any government-funded program. Do not throw out the baby with the bath water. To start over again is to lose enormous amounts of "institutional memory" and matured management systems. The current emphasis in Washington on cutting expenditures in Federally funded programs has made CETA a convenient target. It must be remembered that CETA is an *ANTI-WELFARE* program which *INVESTS* in one of America's great resources, its citizens, and *INTERVENES* in necessary ways to connect unemployable persons with jobs and careers. CETA is not a "social service" but rather a vital part of our economic services for increasing and strengthening our labor force. This is especially important in light of the forecasted millions of new jobs under the President's Economic Recovery Plan and the present lack of skilled manpower to fill many jobs today, much less many new jobs tomorrow.

Representative **Hawkins**. Thank you.

The next witness is Mr. William Brumfield.

Mr. **Brumfield**. Chairman Hawkins and members of the committees: I am William Brumfield, the president of the Minnesota Prime Sponsor Directors' Association, and for the past 5 years a Director of the CETA program in Hennepin County. Hennepin County, with a population of nearly 1 million, is the largest county in Minnesota.

I respectfully request that my extended remarks be entered into the record.

Hennepin County and the State of Minnesota have consistently been recognized by the Department of Labor and other national organizations for their ability to operate highly effective employment and training programs. I am pleased to have this opportunity to present the views of Minnesota's CETA prime sponsors on the proposed legislation concerning Federal employment and training programs.

It is our collective belief that employment and training programs are and continue to be a positive force in helping disadvantaged persons to transcend their circumstances which prevent them from becoming self-reliant and productive. For the structurally unemployed, employment and training programs often are the only alternative to a life of unemployment or dependence on public assistance.

While these alternatives carry with them significant social welfare costs, employment and training programs can act as a national investment which results in increased productivity and which is repaid when trainees gain employment and training and become taxpayers.

We have reviewed the proposed legislation and find much that is positive, and particularly support the following concepts:

One, we support the delivery system concept contained in the Hawkins bill which allows local government to retain operational control of employment and training programs.

Two, we suggest that Congress should establish basic guidelines for program outcomes. These guidelines should set expectations for the program's placement rate and cost effectiveness. We further suggest that Congress should provide for incentive bonuses to prime sponsors exceeding performance standards, as included in the Quayle bill.

Three, we strongly believe that the Governor should have an expanded management role in the employment and training system. The Governor is in an excellent position to handle many of the functions currently being carried out by the regional offices of the Department of Labor. The Governor should allocate funds to localities according to the currently federally established formula found in the present law. This would represent a modification of both the Quayle and Hawkins bills.

Second, we think that the Governor should be charged with negotiating performance standards with local prime sponsors, standards which are consistent with the basic program goals established by Congress. This arrangement differs from the pending bills which give authority to the Secretary of Labor but is consistent with the Quayle bill which generally gives an expanded role to the Governor. These performance standards should demand specific outcomes but should not suggest the processes.

As I will mention shortly, the process of delivery should be determined by the local government.

Next, the Governor should be charged with monitoring program outcomes and decertifying nonperforming prime sponsors and awarding incentive bonuses to outstanding local programs.

Finally, the Governor should be the logical authority to insure coordination among the social service agencies to prevent duplication of effort and insufficient use of resources.

This expanded role of the Governor, allocating funds, negotiating performance standards, monitoring outcomes and coordinating with other human services is consistent with the "New Federalism" initiatives.

Four, the design and operation of programs should be the responsibility of the local prime sponsors. As stated in the Hawkins bill, it is imperative to effective programming that the program operator be given the authority to pursue congressionally established program goals in the manner best suited to its organizational capabilities and the local situation. Prime sponsors must be allowed to avoid unnecessary regulatory demands which prevent them from applying their full resources to client services.

The Private Industry Council chairpersons have told me that they are willing to help plan our employment and training programs. We support this involvement, as do the Quayle and Hawkins bills. However, due to the limited funds and large number of structurally unemployed persons, we feel that the private sector should have the major responsibility for the design and implementation of retraining programs for displaced workers. This stand represents a departure from both the Quayle and Hawkins bills.

In Minnesota, our employment and training programs found jobs for 10,000 people last year. We estimate that those persons will earn $64 million in taxable income in a year's time. A reduced cost in welfare benefits is also realized by assisting persons through employment and training programs.

I remain convinced that employment and training legislation containing the provisions I have mentioned today will result in programs which make people job-ready. These programs are probably the best long-term national strategy for providing human services.

Thank you for the opportunity to appear today.

[The prepared statement of Mr. Brumfield follows:]

TESTIMONY OF

Mr. William C. Brumfield
Director of CETA Services, Hennepin County, Minnesota
President of the Minnesota Prime Sponsor Director's Association

on behalf of

THE MINNESOTA PRIME SPONSOR DIRECTORS' ASSOCIATION

on

PROPOSED EMPLOYMENT AND TRAINING LEGISLATION

before the Joint Hearings of the

Subcommittee on Employment Opportunities
Committee on Education and Labor
United States House of Representatives

and

Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
United States Senate

March 17, 1982

This testimony is submitted as an expansion and documentation of the oral testimony presented by William C. Brumfield, Hennepin County CETA, on behalf of the Minnesota Prime Sponsor Directors' Association before the Joint Senate and House Subcommittees on Employment and Productivity and Employment Opportunities on March 17, 1982.

The testimony is based on several premises. First, the federal government must have a strongly articulated and fiscally supported policy for the employment and training of its citizens. This will provide support for a workforce equipped to meet the future needs of private industry and the economic growth of the Country. The commitment formulated at the federal level must be broad in scope, emphasizing the goals of basic skills training, occupational skill training and employment experience necessary to allow individuals to move into the unsubsidized labor market. The policy must be grounded in an on-going commitment to assisting the structurally unemployed gain training and employment and must not be viewed as a countercyclical mechanism for periodic economic adjustment or as a vehicle for income maintenance and the creation of a public service work force.

Second, programs to implement federal policies are best designed, coordinated, and carried out at the local level. Decisions about targeting services, distributing funds, setting administrative priorities, and selecting service deliverers should be made locally. Federal funds should flow through State Governors to local administrative entities. Business involvement in planning and evaluating programs should be required, but the specific processes such as advisory council makeup should not be mandated.

Third, States have an important role in the coordination of federal programs so that federal, state and local resources, programs, and policies are not in conflict, that resources are maximized and non-duplicative, and that all people are assured a broad range of essential services.

SERVICE DELIVERY MECHANISM

THE PRIME SPONSOR ADMINISTRATIVE UNIT AND STRUCTURE SHOULD BE MAINTAINED AS THE PRESUMPTIVE SERVICE DELIVERY AREA UNDER ANY NEW LEGISLATION.

Millions of dollars have been invested in establishing and developing the Prime Sponsor organizations. Major revisions in the current structure will not insure substantial savings, increased efficiency, or improved program delivery but will most certainly result in disruption of services and significant new start up costs.

The current Prime Sponsor system works. Since 1973 when CETA was created, the system has effectively responded to every legislative mandate--it has expanded public service jobs, expanded private sector initiatives, implemented a diverse range of youth programs, and quickly phased down public service jobs in addition to providing on-going employment, training, and work experience for hundreds of thousands of people.

THE POPULATION BASE FOR PRIME SPONSOR ELIGIBILITY SHOULD BE 100,000.

The current level (100,000) works and is effective. Experience shows that smaller Prime Sponsors which meet this minimal requirement perform as well or better than larger population base Prime Sponsors. Population is not a major factor in successful performance.

Local governments of 100,000 have established fiscal and administrative capacity for human service programs which allows them to effectively coordinate and administer employment and training programs consistent with the local needs and priorities.

RURAL CONCENTRATED EMPLOYMENT PROGRAMS SHOULD BE ELIGIBLE AS PRIME SPONSORS REGARDLESS OF POPULATION.

Rural MN CEP has serviced northwestern Minnesota since 1968 and is one of the nation's highest performing Prime Sponsors. We support the provisions in the Jeffords Bill which allow the Governor to designate areas with less than the minimum population base as Prime Sponsors. This is consistent with current provisions for Special Circumstance Prime Sponsors.

A POPULATION BASE OF 500,000 IS UNACCEPTABLE.

Only one current Minnesota Prime Sponsor can meet this requirement. Seven-eighths of the State would not be eligible and the decision on how to serve would be with the Governor.

The goal of local decision-making and local service delivery is undercut by this position.

LOCAL ELECTED OFFICIAL'S ROLE IN EMPLOYMENT AND TRAINING PROGRAMS

LOCAL OFFICIALS MUST RETAIN PLANNING, PROGRAM DESIGN, OPERATIONAL CONTROL AND ADMINISTRATIVE/FISCAL RESPONSIBILITY FOR EMPLOYMENT AND TRAINING PROGRAMS.

Programs under the jurisdiction of local elected officials are directly responsible to the citizens they serve and therefore offer the highest degree of accountability. Citizens can express their satisfaction or concerns through the local political processes already established. Concerned citizens know who the local officials are and therefore are more likely to express their views and impact the programs.

Programs planned, designed and operated at the local level are most sensitive to local economic and labor market conditions and can offer services that are responsive to local needs. As local conditions change, these programs can quickly modify their services and adapt to the new demands.

Coordination of social services will result in more efficient and satisfactory outcomes for the community. Employment and training programs will be more effectively coordinated with other human services if they are under the jurisdiction of local elected officials who are responsible for most other social services. These include: Food Stamp Program, AFDC, Public Assistance, Community Corrections (Youth and Adult programs), Local School Districts, Youth Service Bureaus, Mental Health Services, and Chemical Dependency Programs. Minnesota Prime Sponsors have been successful in the coordination of social services because they have established relationships and worked cooperatively with other local program operators.

STRUCTURE FOR PROGRAM DESIGN AND DELIVERY

A SINGLE TITLE OR GRANT SHOULD BE ENACTED TO ENCOMPASS ALL LOCAL EMPLOYMENT AND TRAINING PROGRAMS.

A single title will facilitate maximum local flexibility in determining program design and delivery. This allows maximum responsiveness to local needs for training and retraining.

A single grant and consolidated reporting systems will streamline administrative procedures and minimize administrative costs.

Percentage or dollar set asides for special target groups should be eliminated. Targeting of services for client populations is best accomplished through local plans based upon the incidence of the targeted groups in the service delivery area's eligible population.

ANY MANDATE FOR EMPLOYMENT AND TRAINING SERVICES FOR YOUTH AGED 14-21 YEARS SHOULD BE INCORPORATED IN THE BASIC GRANT.

Service level should not be determined by an established national percentage of funds for youth service. While Minnesota Prime Sponsors have always recognized the importance of preventive programs for young people in and out of school, we support legislation which allows local determination of the service level.

Service to youth must be balanced with local priorities for adult training and retraining. This is crucial in a time of diminished resources and continually fluctuating economic stability - industry lay-offs, business moves and failures, unstable state budgets, influx of significant minority populations such as the Indo-Chinese in Minnesota, and cuts in other federal programs.

EMPHASIZING PROGRAM OUTCOMES THROUGH PERFORMANCE STANDARDS

EFFECTIVE PROGRAMS WILL RESULT ONLY WHEN PERFORMANCE STANDARDS ARE ESTABLISHED WHICH EMPHASIZE OUTCOMES OVER PROCESS.

Appropriate criteria for outcome-based performance standards include cost per placement, job placement rate, job retention, school retention, and placement in secondary or post-secondary educational training programs.

Program operators must be accountable for their processes in these matters, but the methods of accomplishing the goals must not take precedence over achievement of those goals.

Performance standards for youth programs must not be tied to permanent job placement but rather acknowledge the wide range of developmental service sequences necessary to meet individual needs. The following focus areas represent competency aspects of a program for youth that can be benchmarked and used to measure performance based on outcomes:

--acquisition of pre-employment skills
--acquisition of basic learning skills including reading, comprehension and computation
--acquisition of occupational skills
--opportunities to develop work maturity

PRIME SPONSORS WHICH FAIL TO MEET ESTABLISHED PERFORMANCE STANDARDS SHOULD BE DECERTIFIED AND DEFUNDED ACCORDING TO A PRE-DETERMINED PROCESS.

When performance standards are not met, a corrective action plan must be quickly implemented. A portion of the Prime Sponsor funds may appropriately be held in abeyance until performance is up to standard. The turn around time for corrective action should be reasonable but should not extend for a period of cne year.

DISTRIBUTION OF FUNDS

H.R. 5320 INCLUDES THE FORMULA PREFERREED BY THE MINNESOTA PRIME SPONSOR ASSOCIATION.

Components of the funding formula include:

1. 25% funding based on the relative number of unemployed,

2. 25% funding based on the relative number of unemployed over 4-1/2%,

3. 25% funding based on the relative number of individuals residing in Areas of Substantial Unemployment, and

4. 25% funding based on the relative number of adults in low income families.

This formula acknowledges the needs of low income persons while also targeting resources to depressed areas. Low income persons in all parts of the nation must be assured of receiving employment and training assistance regardless of the local economic conditions. Depressed economic areas should have federal government support in their efforts to improve their local economy.

Areas of substantial unemployment should receive additional financial assistance to help alleviate their poor economic conditions.

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Areas of substantial unemployment should receive additional financial assistance to help alleviate their poor economic conditions.

Areas under 4 1/2% unemployment, experiencing only a minor drop in economic conditions, should not be targets for additional funding. It is reasonable that only 25% of the funding be allocated on a base unemployment rate of 4 1/2%.

WHATEVER DISTRIBUTION FORMULA IS USED, IT MUST BE APPLIED CONSISTENTLY--BOTH FOR FEDERAL TO STATE AND STATE TO LOCAL DISTRIBUTION AND ALLOCATON.

Senate #2036 utilizes two different formulas--one for allocations from the federal government to the states and a second one for allocations from the state to local jurisdictions: There is no apparent benefit to this approach.

SIGNIFICANT AND STABLE FEDERAL RESOURCES MUST BE AVAILABLE ON AN ON-GOING BASIS TO CARRY OUT THE OBJECTIVES OF ANY EMPLOYMENT AND TRAINING LEGISLATION.

CONSOLIDATION OF ADVISORY COUNCILS

EACH SERVICE DELIVERY AREA SHOULD HAVE A SINGLE ADVISORY COUNCIL TO ADVISE ON PROGRAM GOALS, DESIGN AND OPERATION, TO MAKE RECOMMENDATIONS FOR SERVICE DELIVERERS, AND TO REVIEW AND EVALUATE PROGRAM OUTCOMES AGAINST ESTABLISHED GOALS.

The advisory council should have a majority representation from the private sector, as indicated in both the Quayle and Hawkins Bills.

TRAINING ALLOWANCES

PRIME SPONSORS MUST HAVE THE OPTION TO PAY ALLOWANCES TO CLIENTS IN TRAINING PROGRAMS.

Local discretion in regard to allowances is essential to insure that the most severely disadvantaged clients served by employment and training programs are able to participate in training.

Eliminating the payment of allowances will change the focus of employment and training programs to those with more financial resources rather than to the most severely disadvantaged clients.

Prime Sponsors must have the option to support clients participating in a training program through a combination of part-time work, allowances, and other available resources. We support the needs-based concept contained in the Jeffords Bill.

PROGRAM ELIGIBILITY

CRITERIA FOR PROGRAM ELIGIBILITY SHOULD INCLUDE THE FOLLOWING FOUR FACTORS:

Eligibility should be based on 100% of the Lower Living Standard.

If eligibility is continued at its current level of 70% of Lower Living Standard, then Prime Sponsors must have 20% flexibility to serve needy clients such as offenders, single parents, and displaced homemakers.

Prime Sponsors must have the local flexibility to determine special target populations in need of services. They are in the best position to know about the local conditions and the types of clients in their service delivery area that require services.

Program eligibility criteria should continue to include handicapped individuals as legitimate recipients of employment and training services.

DIFFERENCES IN ELIGIBILITY CRITERIA FOR SOCIAL SERVICE PROGRAMS SHOULD BE ELIMINATED TO MINIMIZE CLIENT FRUSTRATION AND REDUCE USE OF PUBLIC FUNDS FOR ELIGIBILITY DETERMINATION.

Employment/training, education and welfare criteria for economic disadvantaged and for target groups should be the same whenever possible.

Federal policy should provide the option for agencies to serve target group clients who have already been determined eligible through another system.

Economically disadvantaged clients could be processed for eligibility just once by any system on the basis of requirements for a free school lunch, a Basic Education Opportunity Grant, the Work Incentive Program, Aid for Dependent Children, or a federal employment/training program.

STATE ROLE IN EMPLOYMENT AND TRAINING PROGRAMS

THE GOVERNOR SHOULD RECEIVE AND DISTRIBUTE FEDERAL EMPLOYMENT AND TRAINING FUNDS TO LOCAL PRIME SPONSORS ACCORDING TO THE CURRENT FEDERALLY-ESTABLISHED ALLOCATION FORMULA.

Employment and training funds should be distributed from the national Department of Labor offices directly to the states, eliminating a pass through the Regional Offices. A federally established allocation system should be mandated. The federally determined allocation formula has worked well and therefore should be retained.

THE GOVERNOR SHOULD NEGOTIATE PERFORMANCE STANDARDS WITH LOCAL PRIME SPONSORS WHICH ARE CONSISTENT WITH BASIC PROGRAM GOALS ESTABLISHED BY CONGRESS.

Federal program goals should be considered a minimum performance level. Wherever appropriate and feasible the Governor should negotiate higher performance standards with prime sponsors that more accurately reflect the conditions of the local area.

THE GOVERNOR SHOULD MONITOR PROGRAM OUTCOMES, CONDUCT AUDITS, AND AWARD INCENTIVE BONUSES TO OUTSTANDING LOCAL PROGRAMS.

Based on federal and locally established performance goals, the Governor should monitor program outcomes. The focus of the monitoring should be directed toward outcomes and not process issues. The Governor should have the capability to award monetary incentive bonuses to Prime Sponsors that demonstrate exceptional performance.

THE DETERMINATION OF SERVICE DELIVERY AREAS SHOULD BE A FEDERAL RESPONSIBILITY. THE GOVERNOR SHOULD HAVE THE AUTHORITY TO DECERTIFY NON-PERFORMING PRIME SPONSORS THROUGH A NON-POLITICAL PROCESS AND DESIGNATE REPLACEMENTS.

Federal determination of service delivery areas will avoid local political influence in the certification process. The Governor should establish a process for decertification and appeal.

THE GOVERNOR SHOULD PROVIDE TECHNICAL ASSISTANCE TO PRIME SPONSORS AND COORDINATE EMPLOYMENT AND TRAINING PROGRAMS WITH OTHER SOCIAL SERVICES BEING PROVIDED IN THE STATE.

Employment and training programs and services should be coordinated statewide. This responsibility is appropriately with the the Governor who is responsible for statewide policy and services.

Technical assistance needs can be met cost effectively when coordinated and provided for all Prime Sponsors from a central location. This function also further enhances coordination among service deliverers.

STATE INCENTIVE FUNDS FOR PERFORMANCE STANDARD BONUSES

INCENTIVE BONUSES FOR OUTSTANDING PERFORMANCE--BEYOND MERELY MEETING GOALS--SHOULD BE ESTABLISHED.

Funds to provide annual incentive bonuses for outstanding performance should be available to the Governor. The criteria for bonuses should be determined at the state level based on agreed upon standards significantly surpassing the federally established minimum for acceptable performance.

Incentive bonus criteria should be consistent with general performance standard criteria, that is based upon outcomes not process. Placement, job retention, school retention, and achievement of established competencies (especially for youth) are appropriate.

COOPERATION WITH EDUCATION

FEDERAL, STATE AND LOCAL EMPLOYMENT AND TRAINING POLICIES MUST ACKNOWLEDGE THE IMPORTANCE OF WORKING CLOSELY AND COOPERATIVELY WITH THE EDUCATION SYSTEM IN THE BROADEST SENSE TO BUILD ON AREAS OF JOINT RESPONSIBILITY AND TO DIRECT AND UTILIZE RESOURCES WISELY.

There must be a coordinated effort at the federal, state and local levels to insure that policies, legislation and regulations for employment and training and education are not in conflict and in fact encourage cooperation.

Funding incentives should be available to both the education and employment and training systems to serve as catalysts for cooperation.

Cooperative programming and matching funding commitments should be encouraged.

Planning for the educational and career objectives of any individual person must include both employment and educational goals ccooperatively developed.

MINNESOTA PRIME SPONSORS ACKNOWLEDGE THE IMPORTANCE OF CLOSE TIES AND COOPERATION WITH THE VOCATIONAL EDUCATION SYSTEM IN THE DELIVERY OF THE TRAINING TO DISADVANTAGED CLIENTS.

Both financial and non-financial agreements are appropriate vehicles for stimulating local cooperation and joint service delivery.

Short-term customized skill training must be developed in conjunction with on-going vocational education programs in order to better meet a broad range of client needs and to maximize the use of limited local resources.

Legislation should encourage the cooperation if not consolidation of the advisory councils for vocational education and employment and training programs.

Where cooperative agreements are mandated with Vocational Education, similar performance standards should be imposed upon both parties.

A BUSINESS/GOVERNMENT PARTNERSHIP

THE PRIVATE SECTOR SHOULD NOT BE EXPECTED TO EITHER REPLACE THE PUBLIC SECTOR IN OPERATING TRAINING PROGRAMS FOR THE DISADVANTAGED OR TO REPLACE THE FEDERAL GOVERNMENT IN PAYING FOR TRAINING FOR THE WORKPLACE. BUSINESS AND GOVERNMENT SHOULD FORM A PARTNERSHIP TO PROVIDE EMPLOYMENT AND TRAINING FOR THE ECONOMICALLY DISADVANTAGED.

The relationship of the private sector to programs should capitalize on the greatest strengths of the private sector, such as providing unsubsidized jobs and sharing information about business and industry plans for changes in the workplace.

80% of all full-time unsubsidized jobs are in the private sector. It makes sense for the private business sector to be included in developing any plan to access those jobs.

The private sector is appropriately involved in designing employment and training systems and training programs. Business knows best what skills business needs.

PROVIDING EMPLOYMENT AND TRAINING SERVICES FOR THE ECONOMICALLY DISADVANTAGED IS AN APPROPRIATE ROLE FOR LOCAL GOVERNMENTS WHICH ARE LEGALLY ACCOUNTABLE FOR FUNDS AND ADMINISTRATIVELY RESPONSIBLE FOR THE PROGRAM.

Local governments are responsible for assisting disadvantaged population categories in many human service areas--welfare, health, education. It is entirely appropriate that this role include employment and training.

Business is interested primarily in employing the best of all available candidates and not exclusively the disadvantaged. It is government's role to make disadvantaged competitive in the labor market.

THE ROLE OF PRIVATE SECTOR FIRMS SHOULD BE DETERMINED LOCALLY, BASED ON THE NEEDS AND RESOURCES OF THE INDIVIDUAL BUSINESSES.

The interest and involvement of private industry in employment and training programs varies greatly from one jurisdiction to the next. These industry differences along with varying needs of the communities, necessitate that the scope of the private sector role be negotiated and determined by local businesses, service deliverers and public officials.

A FULL WAGE SUBSIDY FOR WORK EXPERIENCE IN THE PRIVATE SECTOR IS APPROPRIATE WHEN THE GOALS ARE SPECIFIED AND THE DURATION LIMITED.

If the majority of jobs are available in the private sector, then as with On-the-Job Training, it makes sense to expand assistance to business in employing economically disadvantaged unemployed people.

It makes further sense to open trial job opportunities in the private sector so that unemployed persons can try jobs on a short-term basis before deciding on a full-time job as provided for in the Jeffords Bill.

FULLY SUBSIDIZED EMPLOYMENT IN THE PRIVATE SECTOR SHOULD BE DESIGNED SO EMPLOYERS DO NOT LOSE INTEREST IN ON-THE-JOB TRAINING.

On-the-Job Training is the most cost effective job placement training tool for gaining full time employment in the private sector for the economically disadvantaged. The opportunity to negotiate 50 to 100% of a person's salary under an On-the-Job Training contract should remain in the legislation.

UPGRADE/RETRAIN PROGRAMS

PROGRAMS FOR JOB RETRAINING AND SKILL UPGRADING SHOULD BE INCLUDED IN OUR NATIONAL EMPLOYMENT AND TRAINING POLICY.

> The nation must be able to respond quickly to assist employees who are displaced from jobs because of structural changes in work methods. Such persons are often long-term dependable employees who lose their jobs through no fault of their own.
>
> Upgrading programs open up new opportunities. Specifically, employment and training policy should support upgrade programs which replace upgraded employees with unemployed economically disadvantaged persons.

PRIVATE SECTOR EMPLOYERS SHOULD HAVE SPECIAL RESPONSIBILITY FOR THE DESIGN AND IMPLEMENTATION OF RETRAINING PROGRAMS FOR DISPLACED WORKERS.

Representative HAWKINS. Thank you.

The next witness is Mr. Raymond Jarvis.

Mr. JARVIS. Thank you, Mr. Chairman and members of the committee.

It is indeed an honor to testify on behalf of the reauthorization of the CETA legislation.

I am currently the executive director of the Hampden County employment and training consortium. I have spent the past 13 years of my life involved in the manpower programs, beginning as a classroom instructor in an MDTA skills center. I would hope that my past 13 years' experience at various levels from the local level to the State level and now back to the local level will help provide some insights into this reauthorization process.

CETA has been an experiment in the local administration of a Federal mandate. In fact, President Nixon designated CETA as his first revenue-sharing program. Its concept was to provide the local elected officials at the lowest level, that is, the mayor and the councilmen, the opportunity to assess their community needs and to devise strategies to meet these needs.

There has been much dialog concerning the efficacy of the CETA program. However, there is also much consensus concerning the viability of local administration of the Federal manpower mandate. In fact, over the past 8 years it has been recognized that the local prime sponsor system has indeed developed a cadre of professional manpower administrators.

The CETA administration has provided for community input from all sectors through a planning council process. Evaluation has determined that where there is an active council there is, in fact, a successful manpower program.

I urge Congress, in its deliberations on several new legislative proposals concerning the manpower delivery system, not to reinvent the wheel. The "New Federalism" as espoused by the current administration would remove local program control and administration from the purview of the mayors and councilmen and place this authority with the Governor. I highly recommend that the local control rest in the hands of the mayors, who know best what the needs of their cities are presently and will be in the future.

I should like to note that with the cadre of professional administrators residing at the local level, a shift of administrative emphasis from the local level to the State level would result in a substantial disorientation to the new fledgling manpower system. In fact, research has demonstrated that CETA suffered from some 2 years when, in the wisdom of Congress, it established local control with Federal oversight through the CETA system.

I also urge Congress to continue national oversight for the Federal presence must be felt in order to insure that service is indeed provided to those who are most in need. It is, in fact, this Federal presence that gives force to the local administrator who wishes to enforce the national mandate.

Several bills are before this Congress, all of which have some merit, and it is urged that Congress amalgamate the best attributes of these bills. Nevertheless, at a minimum the final bill should contain the following elements:

First and foremost, the employment and training system should be noted as the training and employment system, for that is the order in which people get jobs. Training must become the central focus of our manpower system. At a minimum, we must have remedial education, entry and advanced—and I emphasize "advanced"—skills training, job search skills, and upgrading and retraining whenever necessary.

We should learn from the past and reduce the emphasis upon the quick-fix training program; that is, the minimal skills training programs that we have had that last from some 10 to 26 weeks, and we must begin to concentrate on providing requisite skills necessary to extricate that participant from the poverty or low-income cycle.

The prime sponsor system should remain. Nevertheless, their number can and perhaps should be decreased since there is a trend to reduce the moneys available to this system than would presently support the present number of prime sponsors.

Public, not private, control of the system is necessary. Simply stated, it is the mandate of the governmental system from Federal to local to provide for its citizenry, while the mandate of the private sector is to make a profit, as it should be, not to be philanthropic or altruistic.

The private sector can best be of assistance to our system in the planning and evaluation stages. It is the private sector that should denote the areas in which training should occur, the curricula necessary and minimal exit competencies required for successful entry and advanced skill level placements.

Representative **Hawkins**. Mr. Jarvis, I hope that you could summarize. We have extended the time already. Could you summarize the rest of the recommendations?

Mr. **Jarvis**. Yes

We are recommending the continuation of the planning council, that it have concurrence with a business majority, that we continue the summer youth employment program, and that we move to a multiyear funding cycle since this annual cycle has really disrupted our system, as you know, Chairman Hawkins.

Finally, that we evaluate on a long-term basis so that we can provide adequate management information to our system.

Thank you for the opportunity to appear, once again.

[The prepared statement of Mr. Jarvis follows:]

EMPLOYMENT AND TRAINING POLICY

TESTIMONY

PRESENTED TO

JOINT HEARINGS

OF

THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AND

THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

WEDNESDAY, MARCH 17, 1982

Presented by:
Raymond A. Jarvis,
Executive Director
Hampden County Employment
and Training Consortium
Springfield, MA

EXECUTIVE SUMMARY

CETA has been an experiment in the local administration of a federal mandate. In fact, President Nixon designated CETA as his first revenue sharing program. Its concept was to provide the local elected official (at the lowest level, i.e., the mayor and councilmen) the opportunity to assess their community needs and to devise strategies to meet these needs.

There has been much dialogue concerning the efficacy of the CETA program; however, there is also much consensus concerning the viability of local administration of the federal manpower mandate. In fact, over the past eight years it has been recognized that the local prime sponsor system has, indeed, developed a cadre of professional manpower administrators. The CETA administration has provided for community input from all sectors through a planning council process. Again, evaluation has determined that where there is an active council there is, in fact, a successful manpower program.

I urge Congress, in its deliberation on several new legislative proposals concerning the manpower delivery system, not to reinvent the wheel: the new federalism as espoused by the current administration would remove local program control and administration from the purview of the mayors and councilmen and place this authority with the governor. I highly recommend that the local control rest in the hands of the mayors, who know best what the needs of their cities are presently and will be in the future.

I should like to note that with the cadre of professional administrators residing at the local level, a shift of administrative emphasis from the local level to the state level would result in a substantial disorientation to the new fledgling system. In fact, research has demonstrated that CETA suffered for some two years when, in the wisdom of Congress, it established local control with federal oversight through the CETA system.

I also urge Congress to continue national oversight, for the federal presence must be felt in order to ensure that service is indeed provided to those who are most in need. It is, in fact, this federal presence that gives force to the local administrator to enforce national mandates.

Several bills are before this Congress, all of which have merit, and it is urged that Congress amalgamate the best attributes of these bills. Nevertheless, at a minimum the final bill should contain the following elements.

1. First and foremost, the Employment and Training System should be noted as the Training and Employment System. Training must become the central focus of our manpower system. At a minimum, we must have remedial education, entry and advanced skills training, job search skills, and upgrading and retraining whenever necessary. We should learn from the past and reduce the emphasis upon the quick fix training program, i.e., minimal skills training programs which last from 10-26 weeks, and concentrate on providing requisite skills necessary to extricate the participant from the poverty or low income cycle.

2. The Prime Sponsor system should remain; nevertheless, their number can and perhaps should be decreased since there is definitely less money available to our system than can support the present number of Prime Sponsors.

3. Public, not private, control of the system is necessary. Simply stated, it is the mandate of the governmental system, from federal to local, to provide for its citizenry, while the mandate of the private sector is to make a profit, not to be philanthropic or altruistic. The private sector can best be of assistance to our system in the planning and evaluation stages. It is the private sector that should denote the areas in which training should occur, the curricula necessary and minimal exit competencies required for successful entry and advanced skill level placements.

4. I recommend that we retain the planning council system but that it be one council with a majority of business representation that has concurrence with the local elected official on the design of the local plan of service.

5. I also recommend continuation of the Summer Youth Employment Program. Besides being a cooling effect on the long, hot summers we have experienced in the past, the Summer Program allows youth, a major unemployment problem, to have an opportunity to explore the workplace, to earn money in order to stay in school, and to gain work experience that will help them direct and coordinate their academic programs with their future work hopes. This is an important program from both a labor and education point of view.

6. I further suggest that past recommendations for multi-year funding be implemented. The annual gearing down and gearing up of programs, the numerous modifications to, and sometimes rewriting of, plans, and the shifting of goals and objectives caused by changed funding levels, bring about staff frustration and low morale, which ultimately affect services provided to the participant. Senator Quayle insists the bipartisan Quayle-Kennedy Bill is designed to be "results" rather than "procedure" oriented. If there is one single provision of a bill to make it more results than procedure oriented, that provision would be multi-year funding.

7. Finally, I suggest that we review the manner in which we evaluate programs and we develop criteria necessary to the successful evaluation of a complex system. We should learn from the prior system which placed an unwarranted value upon quick placement. The evaluation system must contain long-term follow-up studies designed to provide management information so that we may modify our programs to meet the needs of the individual, of the business community and of the general community.

INTRODUCTION

Mr. Chairman -- members of the Committee — I would like to take this opportunity to thank the Committee for affording me this time to hear my testimony concerning the issues before you.

I have prepared a text of my testimony which you have before you -- I will attempt to stay as close to that text as possible —

In 1973, Congress, alongside a Republican president, had one of its finest hours. In that year, the Congress sat in deliberation on a similar issue to that which you are sitting today -- to establish a national employment and training policy. Then, as now, you had before you testimony from business, labor, altruistic and vested interest groups. From those long hours of testimony, from sorting the wheat from the chaff, from balancing the pros and cons of opposing views, that Congress brought forth a new policy for employment and training -- The Comprehensive Employment and Training Act of 1973 -- C.E.T.A.

For those of you who were members of Congress in that year, let me remind you of the great work and national service you performed for the country -- for its poor, its downtrodden, its unemployed -- for the millions of people left on the doorstep of economic independence and self-worth, asking only that the door be opened. And for those of you who were not members of this august body at that time, let me briefly highlight the accomplishments of that Act, lest you think we are convened today to reinvent the wheel.

Prior to 1973, the body politic, to use the eighteenth century's favorite metaphor, was beset with sores. Institutions, notably the family and education, were failing; Watts was burning; an area of Washington, D.C. -- just a few blocks from here -- was in shambles; veterans of the Vietnam War were returning home with a nightmare behind them and something less than a dream -- or even a hope in front. The populations in jails and unemployment lines began to swell with the dropouts from our institutions and those forced out of work from downturns in our economy, a population which was daily reminded that the American Dream -- at least as presented on television with its large homes, decorator furnishings, expansive lawns, and clean air -- that Dream, unreal though it is, was not for them, the destitute, the drop-out, the unemployed. On top of all that, looming on the horizon, were the industrial giants of Japan and Germany. The only medical treatment available for the body politic in early 1973, was a box of band-aids that could only cover just so many, specific sores. What was needed was full medical treatment, a national employment and training policy; and Congress, as it so often has in the past, rose to the occasion and wrote its prescription -- C.E.T.A. --fully-knowing that C.E.T.A. was not a miracle drug which would, overnight, cure the patient but which would, with proper regimen and prescribed doses, ease the suffering and offer hope.

For the first time in our nation's history, and I wish to stress that point, a united Congress, Republican and Democrat, male and female, urban and rural, produced a national employment policy worthy of the first word of the C.E.T.A. Act -- Comprehensive. Some might argue that policy was idealistic; others that it was too unrealistic. The truth probably lies somewhere in between; but, for better or worse, the nation's first comprehensive employment and trainig policy was set in motion. I would -- and will -- argue that that policy -- C.E.T.A. -- turned out for the better.

In these meetings, and in preceding ones held around the country, Congress is taking testimony as it once again sits to deliberate on a national employment and training policy. Already bills have been introduced before both houses as to what that policy should be, and they range from essentially a continuation of the existing C.E.T.A. system to drastic modifications of that system, modifications to the planning, administering, implementing, and targeting of that system. Before I give testimony as to my view of what that system should be, let me first turn back to that policy of 1973, and detail more specifically its better points.

First, in this era of New Federalism, C.E.T.A. was one of the first national programs which enunciated that local people just might know better how to handle local problems than people at the federal level. Thus determination of key issues, such as program design and types of training for available jobs, were given over to local officials who best knew their own labor market and population needs. This is an important factor, for responsibility and accountability were placed in the hands of locally elected officials who are most responsible for economic development in a given area and are the most influential in bridging the gap between the public and private sector. The mayors, the town managers, the boards of selectmen -- they are the ones who can bring together the resources of government, whether federal, state, and/or local, and the needs and resources of the private sector. We must remember that C.E.T.A.,or any employment and training policy,does not exist in a vacuum. No policy will work unless economic activity is occurring; and that activity depends not on the market alone but on the assistance local government can provide, such as tax programs, education, and the delivery of city services. The private sector has no responsibility and no expertise in these areas; and, thus, it falls to the locally elected officials to ensure that both the public good and private sector needs are being met.

Second, to pass an Act is one thing; to implement it is quite another. The signing of the Declaration of Independence did not create out of dragon's teeth a fully-trained, well equipped, and disciplined army to defend that Declaration. Rather the signers of that memorable document set in motion the process whereby farmers exchanged hoes for muskets; gentlemen, ascots for epaulettes; and women, spinning wheels for canons. That rag-tag army had moments of victory but it also had its share of defeat before it became the trained, disciplined force that cornered Cornwallis in Virginia and made the Declaration of Independence worth more than the paper on which it was written.

Not even the most ardent enthusiast of C.E.T.A. would equate its signing with the Declaration of Independence, but even the most casual observor can see similarities in them. Both established a noble, national policy but neither had on hand a force to implement it. Both had to recruit and train their forces from people of different walks of life whose skills could be molded to implement policy. And, both survived winters of discontent to be finally forged and honed through hands-on, on-the-job training to be an effective, efficient tool to carry out the will of Congress.

In the eight years since its signing, C.E.T.A. has developed a cadre of professional administrators who work as well in and with the government bureaucracy and its desire to do public good and the private sector with its enlightened self-interest; administrators who take national policy and turn it into men and women working on machines, typing purchase orders, welding steel to steel, and feeding and retrieving information from the new and expanding world of computers. And by administrators, I do not mean just executive directors but manpower planners, management information specialists, technical advisors, monitors, counselors, and assessment specialists-- all people who have learned while serving in the trenches what works and what does not work in making the dropouts and pushouts of our institutions, the structurally and the cyclically unemployed, once again -- and often for the first time -- productive and proud members of our society.

I cannot overemphasize that pool of professionals which Congress has at its disposal to implement its policy, whatever that policy might be. Those were the professionals who, upon a mandate by Congress and the President, put to work 750,000 people in just six (6) months time. You may now debate whether that was a worthwhile policy or not, but you cannot debate that that awesome responsibility was carried out, carried out not without its drawbacks, not without its setbacks and, in truth, not without its deceptions, but carried out nevertheless. Never in this country's history, including war-time, has there been such a successful and monumental mobilization of manpower. A feat of such magnitude could not and would not have been carried out without this trained force of professionals.

Third, and finally, the C.E.T.A. legislation provided for planning councils which are mandated to plan and evaluate the local implementation of your national policy. These planning councils are composed of representatives of the public and private sectors, labor, education, youth, veterans, handicapped, and community based organizations. On the whole, these planning councils have proven invaluable in ensuring that the will of Congress was carried out efficiently and effectively. They ensured that the population most in need was being targeted; they ensured that the proper training mix and delivery system for their areas were designed; and they were the ones who evaluated whether the administrators had, in fact, carried out their wishes. The planning councils closed the loop in the whole management system. Their enthusiasm, their advice, their concerns, and their expertise helped C.E.T.A. to achieve all and whatever successes it has.

Those three parts, ladies and gentlemen, the local public officials who are responsible for overall economic development and who are accountable to their constituents; the trained, manpower professionals who know both the public and private sectors and have the technical expertise; and the planning councils who ensure that the private sector's and target population's needs are being met -- those three parts are the key components of the wheel already invented by the Congress of 1973. I need not remind you that the wheel has remained essentially the same, at least in principle, since it first was rolled out of a cave thousands of years ago. It has remained the same because it was done right the first time.

That is not to say no improvements were ever made on the wheel, and I am not here to testify that no improvements are necessary in C.E.T.A. Quite the contrary. The last eight years have shown us how C.E.T.A. works -- and how it does not. I would now like to turn to how that system should work.

First, I would like to commend this Committee's and Congress's work, interest, and concern for a national employment and training policy. That work and concern has already produced bills which now await Congressional action, bills which I am happy to hear, are receiving bi-partisan support, an indication that we are truly dealing with a national not just a political or sectional problem.

Whatever bill finally emerges from these deliberations should, at a minimum, contain the following elements.

1) First, the three major components of the existing C.E.T.A. program which I have discussed should remain.
2) The present prime sponsor system should also remain. However, their number can be decreased as their areas are increased to coincide with more clearly defined and manageable labor market areas.

I do not recommend the block grant to governors approach because I see little to be gained in that direction. True, the bureaucracy can be trimmed at the national level; but, in its place, will be fifty smaller bureaucracies which will only mean less money being directed to the participant and more to administration. Any savings at the federal level will be illusory because those savings will be eaten up at the state level, and the net result will be less direct service to the participant.

3) I wholeheartedly agree that more private sector involvement is both desireable and necessary. However, that involvement should occur at the planning council level and not the administrative. Where the private sector's expertise can be most helpful to us is in our planning and evaluating stages. They can best tell us what jobs to train for and to what degree and level that training should occur, and they can evaluate how well we carried out their plan.

But, to ask the private sector to administer the entire program -- as has been suggested with the PIC's -- is a mistake. So far the private sector has shown little interest in national employment and training policy. The private sector's main purpose for being is to make money, to show a profit, as well it should be. But employment and training is not a money-making program, at least in the corporate sense of profits. It is a manpower program which ultimately has a direct bearing on industry and profits but a manpower program nevertheless. How can you ask someone whose whole being is directed at making a profit to run a program that does not make money in the traditional sense? To do so, I say, is to put a square wheel on the cart. This is not streamlining or modifying the tread on the tire; this is tampering with the very concept of the wheel itself.

Further, I cannot imagine any corporation or organization of businesses willing to accept the potential liabilities of handling millions of government dollars. What chief Executive Officer would want to go before his Board and say profits are cut because inexperienced administrators mismanaged government money, or what CEO would want his company's name even associated with such an action?

Finally, I suggest, it is poor management policy, especially in dealing with public funds to give the same entity control over planning, administering, and evaluating its own program and use of funds. No objectivity exists.

Let -- no urge -- the private sector to greater involvement in policy but direct that involvement to where it does the most good, in the planning and evaluating stages. Let the administration remain with the professional administrators who have been on the job for eight years. Don't try to reinvent the wheel.

4) Employment and training programs should really be called training and employment, for that is the order in which the system works.

Continued emphasis should be placed on skills training. But that training should be broadened to encompass two critical areas. First is entry-level training which, at present, is the core of C.E.T.A. and addresses the issue of structural unemployment with its corollaries of increased crime and welfare expense. In addition, however, should be included advanced-level training to meet the needs of the private sector and our defense requirements. Upgrading of skills and re-training where necessary are critical if we are to meet the challenge of foreign competition, whether that competition occur in the market-place or on the battlefield.

5) I, also, recommend continuation of the Summer Youth Employment Program. Besides being a cooling effect on the long, hot summers we have experienced in the past, the Summer Program allows youth, a major unemployment problem, to have an opportunity to explore the workplace, to earn money in order to stay in school, and to gain work experience that will help them direct and coordinate their academic programs with their future work hopes. This is an important program from both a labor and education point of view.

6) I further suggest that past recommendations for multi-year funding be implemented. The annual gearing down and gearing up of programs, the numerous modifications to, and sometimes rewriting of,plans, and the shifting of goals and objectives caused by changed funding levels, bring about staff frustation and low morale, which ultimately effect services provided to the participant. Senator Quayle insists the bipartisan Quayle-Kennedy Bill is designed to be "results" rather than "procedure"

oriented. If there is one single provision of a bill to make it more results than procedure oriented, that provision would be multi-year funding.

7) And last, I agree with provisions in some of the bills before you that the measurements of success of C.E.T.A. currently used are inadequate and are in need of revision. The benchmarks now used measure short-term benefits and do not calculate the full-impact of C.E.T.A. training. You have already heard and will continue to hear testimony to that effect. Precisely how success should be measured I leave to your good judgment and the experts in that field. But, I would like to lend my voice to the call for a change in measurement.

Ladies and gentlemen of the Committee, I have confined my remarks to the broad strokes which will dictate what the completed employment and policy picture will look like; for it will be those broad strokes which will determine the tone and texture of the final portrait. Others before and more who will follow will help define the finer lines. They have and should continue to be heard and listened to.

Finally, I would like to thank the Committee for asking me to come before it, but even greater thanks are necessary to you who, through your work and concern, have indicated that, in one form or another, the national employment and training policy begun in 1973 with C.E.T.A. will continue. The country and its people need such a policy.

Representative HAWKINS. Thank you.

The final witness is Ms. Amanda Rudd, commissioner of the Chicago Library, Chicago, Ill.

Ms. RUDD. Thank you.

My name is Amanda S. Rudd and I am delighted to be here as commissioner of the Chicago public library to testify as to the success of the CETA program in our library.

The Chicago Public Library is the largest city library system in the United States, with 90 locations spread throughout the city. The library utilized a peak of 468 persons of varied backgrounds through the CETA program, but many of our most valued staff members today are alumni of CETA.

Some started with us as recent college graduates unable to find employment. They worked as library associates in branch libraries in our downtown units. Five went on to obtain master's degrees in library science through the city's tuition reimbursement program. Four other CETA employees are now enrolled in graduate library schools to earn masters in library science degrees.

Many CETA workers were employed as library assistants and clerks, checking out books at circulation desks and performing general clerical duties. Maintenance aides and custodial trainees kept our buildings clean and inviting. Stock handlers helped in the sorting and distribution of books and mail. Some of the library associates were assigned to the library services to senior citizens unit.

The library gave in-house training to all new CETA employees. Many courses at city colleges of Chicago and tuition reimbursement opportunities were offered. Sixty-eight CETA employees obtained GED high school equivalency certificates, 150 CETA employees received college credits and training in their own fields of interest.

Many of our CETA employees were able to take their knowledge and newly learned skills to find employment elsewhere. The Chicago public library itself was able to transition 125 former CETA employees to permanent positions.

We can relate many success stories. One woman began as a library associate who presented book-related programs at retirement centers. After 9 months of performance, she was the successful applicant for a position in the library's volunteer services department and was transitioned from CETA to the regular payroll. Today she is director of volunteer services.

Another young woman came as a CETA junior clerk and acquired the skills, and equally important, the moral support to earn herself a principal typist position in the library's personnel office on a permanent basis.

A young man joined the staff as a CETA library associate serving in a branch library. His job performance was impressive, and after 5 months he was transitioned from CETA and became a program analyst in our America's ethnic heritage project funded by the National Endowment for the Humanities. When the project ended with the close of NEH funding, the young man took a position in the library's data processing department.

Some of the other current titles of ex-CETA employees who have been promoted are supervisor of inventory control, administrative assistant, foreman of custodial workers, accounting technician, reprographic technician, library distribution supervisor, and senior library clerk.

One of our most heart-warming cases of progress of a marginally employable person into gainful employment is that of a Russian Jewish woman who was allowed to emigrate from the Soviet Union with her family in 1980. A degreed civil engineer, she obtained a CETA position as a clerk in the library's finance office.

The woman appreciated the clerical job, which enabled her to contribute a major portion of her family's livelihood while adjusting to American working life and learning the language. A few weeks before the library had to dismiss its last CETA employees, the woman found a position as a draftsman in an engineering firm.

The Russian immigrant said she was very fortunate to be able to work under the CETA program in a useful job despite her language handicap. She did not want to be a burden on public aid while becoming proficient in the English language.

The CETA program provided excellent training for the hard-core unemployed, as well as for others who found themselves jobless in difficult economic times. The Chicago public library was able to provide better service to the public because of the added personnel from CETA.

I would like you to know how painful the phase-out of CETA funding is. Our services to the senior citizens unit have been discontinued. New programs that were about to be initiated to provide services to the homebound and services to recent immigrants were postponed indefinitely.

Branch library appearance is suffering where we can afford only part-time custodial services, although the branches are open 64 hours a week. Guard service also has been cut back and is now inadequate for the needs of our library agencies.

A walk through the main library would reveal piles of unshelved books because we have insufficient staff to reshelve the books that patrons are seeking. We have added a day to the time it takes to ship interlibrary loan books between libraries because of a shortage of staff to sort the materials.

Yet, in an inflationary economy the public turns to the library as a major source of information. More people seek information on survival skills and careers in a time of economic uncertainty.

I believe that libraries are vital to the American way of life, for their immeasurable contributions to our citizens. The increasing costs for staff, materials, and other necessities are a sobering fact. I ask you to consider the special needs of the libraries and of the unemployed, and I urge you to persevere in your efforts to provide employment opportunities to meet the dire needs of our fellow Americans.

I thank you for listening to my statement today.

[The prepared statement of Ms. Rudd follows:]

Testimony of AMANDA S. RUDD
on Employment and Training Policy
at the Joint Hearings
of the House Subcommittee on Employment Opportunities
and the Senate Subcommittee on Employment and Productivity
March 17, 1982 at 9:00 a.m.
Rayburn House Office Building, Room 2175
Washington, D.C.

Good morning. My name is Amanda S. Rudd. I am delighted to be here as Commissioner of the Chicago Public Library to testify as to the success of the Comprehensive Employment and Training Act (CETA) at our library. Our experience was very favorable.

The Chicago Public Library is the largest city library system in the United States, with 90 locations spread throughout the City. From 1974 until the end of the CETA program in September 1981, the Library utilized the services of CETA workers in the Main Library and in our citywide branches. These employees performed valuable functions for the Library and at the same time learned marketable skills to compete successfully in the job market.

CETA workers made a definite contribution toward accomplishing the purpose of the Chicago Public Library. That is, to satisfy the general educational, informational, and cultural needs of the people of Chicago through the provision of appropriate resources, services, and programs; and in addition, through resource-sharing and other cooperative efforts, to complement the services of other institutions nationwide by improving access to information and the quality of education and cultural development.

A check of our records for the last three years of the program shows that our peak employment was reached in January 1979 with a total of 468 staff members employed under CETA. Because of mandatory layoffs, employment began dropping. By March 1980 we had 348 CETA staff members. After further layoffs, a year later our total was 276. The final phase-out was September 30, 1981.

The Library utilized persons of varied backgrounds through the CETA program. Many of our most valued staff members today are alumni of CETA. Some started with us as recent college graduates unable to find employment. They worked as Library Associates (persons with a bachelor's degree) in branch libraries and in our downtown units. Five went on to obtain a master's degree in library science through the City's tuition-reimbursement plan. They have progressed to become excellent professional staff members, finding not only employment but also satisfying careers at the Chicago Public Library. Four other former CETA employees are now enrolled in graduate library schools to earn M.L.S. degrees.

Many CETA workers were employed as Library Assistants and Junior Library Clerks, who served in the various locations checking out books at circulation desks and performing general clerical duties. Maintenance Aides and Custodial Trainees kept our buildings clean and inviting. Stockhandlers helped in the sorting and distribution of books and mail.

Some of the Library Associates were assigned to the Library's Services to Senior Citizens unit. They provide outreach service for the Library at Chicago's federally-funded "Golden Diners' Clubs," congregate nutrition sites for senior citizens in churches, synagogues, and senior housing centers. The CETA employees presented multimedia programs and led discussions on topics of interest to the senior citizens.

The Library gave in-house training to all new CETA employees to prepare them for their individual duties. Many courses at City Colleges of Chicago and tuition-reimbursement opportunities were offered. With encouragement from the Library, 68 CETA employees obtained a General Educational Development (GED) high-school equivalency certificate. Some 150 CETA employees received college credits and training in their own fields of interest.

Many of our CETA employees were able to take their knowledge and newly learned skills to find employment elsewhere. The Chicago Public Library itself was able to transition 125 former CETA employees to permanent positions at our various locations. Because of their training at the Library, former CETA workers are still being rehired by us as vacancies occur, and many of these persons have received promotions as well.

We can relate many success stories. One woman began as a Library Associate who presented book-related programs at retirement centers. After nine months of fine performance on the job, she was the successful applicant for a position in the Library's Volunteer Services department and was transitioned from CETA to the regular payroll. Today she is Director of Volunteer Services.

Another young woman came as a CETA Junior Library Clerk and acquired the skills, and equally important, the moral support to earn herself a Principal Typist position in the Library's Personnel Office on a permanent basis.

A young man joined the staff as a CETA Library Associate serving in a branch library. His job performance was impressive; after five months he was transitioned from CETA and became a Program Analyst in our America's Ethnic Heritage Project, funded by the National Endowment for the Humanities. The year-long program series gave out-of-school adults an opportunity to learn more about the literature of the many foreign cultures represented in the ethnic populations of Chicago. Programming included comparative literature courses, talks by distinguished foreign authors, an international film series, exhibits, and published bibliographies. When the project ended with the close of NEH funding, the young man became a Head Library Clerk in the Library's Data Processing department.

Some of the other current titles of ex-CETA employees who have been promoted are: Supervisor of Inventory Control, Administrative Assistant, Foreman of Custodial Workers, Accounting Technician, Reprographic Technician, Library Distribution Supervisor, and Senior Library Clerk.

Our most heart-warming case of the progress of a marginally employable person into gainful employment is that of a Russian Jewish woman who was allowed to emigrate from the Soviet Union with her family in 1980. A degreed civil engineer, she obtained a CETA position in the Library's Finance Office. There she checked invoices against purchase orders, a job she could do even though she spoke very little English. At the same time, she and members of her family attended night school to improve their English.

The woman appreciated the clerical job, which enabled her to contribute a major portion of her family's livelihood while adjusting to American working life and learning the language. Without English she could not reenter her learned profession.

Working at the Library also connected her with a large human network. Another staff member referred the woman to a company where her husband, also an engineer, found a permanent position. That staff member also encouraged the woman to send her resume to employers in her field. A few weeks before the Library had to dismiss its last CETA employees, the woman found a position as a draftsman in an engineering firm.

The Russian immigrant said she was very fortunate to be able to work under the CETA program in a useful job despite her language handicap. She did not want to be a burden on public aid while becoming proficient in the English language.

I have attempted to show that our success rate with CETA personnel was high, since the experience of Library employment encouraged many to acquire the career information and skills they needed to become good workers. They were able to further prepare themselves for the work or education that could make them self-sufficient and productive citizens. The CETA program provided excellent training for the hard-core unemployed, as well as for others who found themselves jobless in difficult economic times. The Chicago Public Library was able to provide better service to the public because of the added personnel from CETA.

I would like you to know how painful the phase-out of CETA funding has proven to be by reporting some of the unfortunate consequences for the Library:

Our Services to Senior Citizens unit has been discontinued. Also, new programs that were about to be initiated to provide Services to the Homebound and Services to Recent Immigrants were postponed indefinitely.

Branch library appearance is suffering where we can afford only part-time custodial service, although the branches are open 64 hours a week. Guard service has also been cut back and is now inadequate for the needs of our Library agencies.

A walk through the Main Library would reveal piles of unshelved books because we have insufficient staff to reshelve the books that patrons are seeking.

We have added a day to the time it takes to ship interlibrary-loan books between libraries because of a shortage of staff to sort the materials.

In an inflationary economy, people use the library more, as an alternative to buying their own materials. The public turns to the library as a major source of information; for books and other materials for reading, listening, and viewing; and for educational and cultural programs. More people seek information on survival skills and careers in a time of economic uncertainty. Also, as school funding cutbacks diminish school library budgets, children use the public library more.

Since library services are in greater demand when the economy is down, and since a library system the size of the Chicago Public Library always needs some extra assistance in periods of fiscal constraints, we would welcome the return of a CETA program to improve our services to the public. 150 CETA employees could certainly be put to good use at our Library today.

I believe that libraries are vital to the American way of life, for their immeasurable contributions to our citizens. The increasing costs for staff, materials, and other necessities are a sobering fact. I ask you to consider the special needs of the libraries and of the unemployed. I urge you to support the reinstatement of a CETA program.

Thank you for listening to this statement today.

Representative **HAWKINS**. Thank you, Ms. Rudd.

Mr. Jeffords, I yield to you.

Representative **JEFFORDS**. Thank you, Mr. Chairman.

As you have noted, I am sure, in reading all these bills, there has been a significant if not substantial shift toward involvement of the private sector.

I would appreciate if you would comment on whether or not in your experience there were disincentives toward involvement of the private sector, and if so, whether or not the present bills deal with those disincentives. Do you think the further involvement of the private sector will assist in making sure that more jobs are provided in the private sector?

Mr. **JARVIS**. If I may, I would like to respond to that.

I definitely believe there is an increased role for the private sector. However, I think there are limitations to that role, I believe, because the major role of the private sector is to, in fact, make profit.

We have some large multinational firms or international firms, or what have you, that take the time to be enlightened, if you will. The gentleman from Kentucky has mentioned that many of the employers in his region were small employers, not having the time to get involved in actually managing a program.

I submit to you that that is not limited to that particular area; that even in Massachusetts, although we have several large national firms represented, the bulk of our firms are small business and they do not have the time, the wherewithal or sometimes even the philosophical bent to get involved in actual management of programs.

What we found in Hampden County with our skills center, the best interaction of the private and public sector has been to actually get them directly involved in what we are doing in our particular areas. For instance, we have a machine task force and they actually come down to our skills center and they get involved in the program. Does the equipment meet industry standards? Do we teach them in a way that they will come out with the requisite skills for employment?

Representative **Jeffords**. Excuse me. I am limited to 5 minutes in my time here, so would you say that the new legislation will enhance that involvement or will it be disruptive of your present system?

Mr. **Jarvis**. If you put the private sector in a place where it gets involved in the planning and evaluation stage, I say yes, that is where it belongs. If you are going to have them as program operators, you are going to have the turfdom issues where the private sector is going to be intimately involved in program management, some of our contractors on the planning council, and when you have contractors that have vested interests, you do not have an effective planning council. I submit to you that you will run into the same problem if the private sector gets into that role.

Representative **Jeffords**. Thank you. Someone else?

Mr. **Harry Johnson**. As a member of the private sector working for one of the large multinationals, Polaroid Corp., let me respond somewhat differently.

I do not feel, as a matter of fact, that earning a profit and serving social needs are inconsistent goals. I think it is entirely appropriate for a business which does, after all, function by public contract. After all, we have an obligation. We don't survive if we don't meet public needs, if we don't provide a product that is useful to the public. And we are, after all, individuals and citizens, and by virtue of the numbers we have, the power we have, the money we have, I think it is appropriate for us to use those gifts and skills that we have to serve the public good.

I don't think it is a fact that there are disincentives so much in the private sector involvement currently so much as there is a tradition of mistrust between Government and industry, a tradition of not being involved together. I think the new legislation does in fact encourage that. I think the protection that needs to be insured in that is that what one exploits from the private sector in the best sense of that word is what the private sector does best; that is, bring to bear our training skills, our experience, our development skills, and so forth, not ask us to run the programs. That is a Government prerogative.

Mr. **Baker**. I would like to respond in the sense that I cannot place enough emphasis upon the involvement of the private council because he is the first man out for this employment, he knows what he wants, and what his needs are going to be. If he is involved in the training and the design of the training and support of it, it is natural that he would go to it as an employer, and that is what we are trying to encourage, that employment there.

The other thing that would support that, quite often with the economy being what it is, is that he is limited to how much funds he can go for in expansion or retraining because of technical changes in the manufacturing equipment or supplies. So this helps stay and eliminate that 16- to 20-percent interest that he is going to have to pay into the thing. He can put it into training and add another employee.

Representative **Hawkins**. The Chair yields his 5 minutes to the gentleman from Vermont. I am enjoying it.

Representative **Jeffords**. All right; fine.

We have just had the education panel before us here and they are concerned about insuring that the present educational sector be utilized at least to the fullest extent reasonably possible under their own funding limitations.

I wonder if you have any comments on how we can better try and tie in the relationship of the educational community and prime sponsors with the delivery systems?

Mr. **Robert D. Johnston**. Mr. Jeffords, I believe that all sectors of Government-funded job training programs funded by whatever vehicle comes out of these bills should observe our rules of enterprise; that is, there should be no special carving out of any relationship for any other Government or private sector entity other than the full partnership between the PIC and the prime sponsor to assure a public/private operation.

The school systems can compete better than anyone else because since they are otherwise publicly funded, they can generally give us more cost effective proposals than anyone else. If a CBO or a proprietary training institution or a private business can do better, they should get the money. It should be enterprise driven.

Mr. **Wallace**. The major way, I believe, in which they would be best coordinated would be for the local educational agencies which receive VEA funds to have their plans submitted to the local Private Industry Council for concurrence authority over the use of their funds. I think that, locating the planning authority—it also answers your first question, I believe—the largest disincentive, I think, in the current proposals for private sector involvement is that they are affecting a very small part of the employment and training system by affecting the CETA.

They are not dealing with the employment services in your bill, that would be the case actually, or vocational education, to have that planning authority located in the PIC prime relationship over all the employment and training funds coming into their jurisdiction will give them a sense of control over how the employment market is dealt with in their area. So I think that vehicle would achieve both, eliminate one disincentive and also lead to effective coordination with the prime sponsor network.

Mr. **Brumfield**. Congressman Jeffords, to just kind of echo what has been said here, I think that the education people, as I listened to them, were I guess in support of a competitive based system, and I think that is what we really have to do. The thing that made corporations like Polaroid great is the competition.

I think if you can set up some program outcomes that you want and then let the prime sponsors go out and buy the services that they can buy that will meet those goals, that is really what we are talking about. Let's get competition involved in employment and training. Using schools makes sense because they are, as was pointed out, the most inexpensive method of training in most cases. But you need to have that competition in there to make sure that they have a reason to really want to serve the system. If it is a competitive thing, I think we are going to get the best of both the training and the outcome for everyone.

Mr. **Jarvis**. Mr. Chairman, having spent 3 years with the Massachusetts Department of Education in vocational education, I watched two systems—I was the CETA specialist, the vocational specialist was sitting next to me—operate entirely separate and distinct from each other.

I would think that if we put the proper tie-ins in both the Vocational Education Act and the CETA Act, putting incentives to take that money and combine it as a pool, if you will, because both acts seek to address similar problems, with the Vocational Education Act concentrating on the in-school, but still plenty of dollars there for the out-of-school youth.

In Hampden County we have run many CETA vocational education combination programs and they can only come from incentives in both legislations. I wouldn't take them separately.

Representative **Jeffords**. Let me follow up on that a little bit. I think it is very important to us as far as how we draft the legislation.

I would agree with your experience that there are many areas around this country where there hasn't been the kind of cooperation and tie-in we would like to see, and we have had dual systems operating. The question we have to face is how do we handle that in the legislation without disrupting those that are working well, and whether it is wise to have a tie-in of funds or set-asides, or whether it is better to have some authority, whether it be in the State level or some other level, to step in when there appears to be disagreement on the utilization of educational institutions, to say, "No, we don't like the way you are operating that. It is a wasteful use of funds," et cetera. Should there be some authority to do that?

Do you have any comment on which way we ought to go?

Mr. **Jarvis**. I would go with incentives. I watched 5 percent money, sections 112 and 204 in CETA. I watched a bureaucratic struggle for 3 years as to who had dominion over very minimal funds.

Sometimes building into legislation the whip, so to speak, is not as helpful in developing local cooperation as incentive funds would do. I have seen the incentive funds, combining the funds, develop relationships and then they go beyond even the vocational education moneys. Then you get into the local funds where most of the educational dollars are.

Representative **Jeffords**. I am sure we might have some disagreement on that, but go ahead.

Mr. **Baker**. If I may, I think there is one positive factor. The community colleges and the vocational schools are ideally located. They are locally located and those facilities should be utilized in the implementation of CETA.

One of the things that I think is a problem we have confronted is the duplication of programs when necessarily the population doesn't support it. There should be some definition or way of defining how that is programed. Therefore, I support the gentleman's suggestion. The local PIC council should be involved in this, because they are reflecting the industry in the community and the employment needs.

Mr. **Robert D. Johnston**. Mr. Jeffords, in Broward County our PIC runs all the programs now, not just the title VII. Our elected officials have voluntarily given up functional control as far as they can under the present bill.

I believe our elected officials and our PIC would be glad to accept a required signoff authority of their plans by the local school board, which is the governing body finally deciding what happens to vocational education in that county; provided that they had concurrent authority for signoff on the vocational education portion of the local school board's plan; that combined with some incentives which could either be a pot of money, bonus money, for working together, or could be increases in such things as administrative rate allowance or a part of a performance rating.

There are a number of kinds of incentives you could build in that would assure that those programs which are now working together would continue to do that, and those that weren't would have to reach some new accommodations. You could have in that situation, of course, simply a paperwork transfer, but after all, that is what the system is supposed to be about. It is supposed to be up to those local operators to make it work or not make it work, and it will be evident to those who review it if it is not working.

Ms. **Monahan**. I think I would go a little further on that, on the vocational education, and include the employment service and the WIN programs as well.

We have talked about coordination of these programs and linkages for years and years and years. It seems in CETA that it is all on one side. We, as the prime sponsors, are strongly encouraged over and over through the regulations in working with the other agencies, but it seems to be a one-way street.

Representative **Jeffords**. A one-way street?

Ms. **Monahan**. And that is where we go up against a brick wall. If you have the vocational education legislation and Wagner-Peyser amended to require them to be strongly encouraged to work with the prime sponsor, I think you would see a lot more success.

I would also go along with the others as far as the financial incentives. I think that is always an added inducement. At the same time, I believe the reciprocal requirement in the various acts is what is needed in order to get the coordination.

Ms. **Rudd**. I guess coming from a very large metropolitan area, I get a little concerned about the emphasis on vocational education because I think I experience it in a different way.

I think that in a lot of cases we have skills centers—it would take forever to name various agencies that are apart from the school system itself and vocational education as it is a part of the school board. So I have a problem there with what is being suggested relating to large urban centers.

I have been involved in more than Chicago so I am not sure I have a specific suggestion except the concern that I am hearing right now concerns me. If we are talking about vocational education as the sort of clearinghouse, and so on, I tend to want to move back in this case to the local government, and so on, with an overall umbrella in that sense.

We think that specifically not only in Chicago, but in other cities in Illinois that are small—Peoria, for instance, has a very good track record with past CETA performances—and some other cities where I have worked, so I am just voicing that in terms of your looking at this country where you have the large urban centers and then the small areas.

Mr. JARVIS. One last attempt at this.

I am sure you are aware that in the vocational education amendments there is already a regulation there that requires CETA signoff on vocational education programs. I do sign off on many vocational education programs that have come through, but it is a pro forma signoff.

What you have is two separate and distinct systems. I really think we ought to learn from history, CAMPS, cooperative area manpower planning program. This was when we had all the categorical programs and we were going to get an agency there to coordinate all of the plans. All it was was an aggregation of each individual pot of money's plan.

If you really want to coordinate vocational education and CETA, there has to be some type of incentive to get the actors together. I sat here and listened with the utmost interest to the representatives of education. They want money, as we would like money for the disadvantaged for our programs. You are not going to get them together unless you make it worth their while to get together, I guess, is what I am saying.

Representative JEFFORDS. Thank you.

Representative HAWKINS. I think this panel has been an excellent one, and I wish to commend you on your presentations, your endurance and your patience with us, and certainly our most sincere thanks. We are deeply grateful for what you are doing and the contribution that you have made.

There being no further questions, we will dismiss the panel and this concludes the hearing today.

The final day of hearings will be on the Senate side tomorrow and that will conclude the joint hearings of the two committees.

Thank you again for your contribution.

[Whereupon, at 3:21 p.m., the joint meeting of the subcommittees adjourned, to reconvene on Thursday, March 18, 1982.]

EMPLOYMENT AND TRAINING POLICY, 1982

THURSDAY, MARCH 18, 1982

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES OF THE COMMITTEE ON EDUCATION AND LABOR, AND U.S. SENATE, SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES,

Washington, D.C.

The subcommittees met at 9:15 a.m., in room 4232, Dirksen Senate Office Building, Senator Dan Quayle presiding.

Present: Senators Quayle, Hawkins, and Hatch; Representatives Hawkins, Weiss, and Jeffords.

OPENING STATEMENT OF SENATOR QUAYLE

Senator QUAYLE. The subcommittees will come to order. We have five distinguished panels today. This is the fourth day of our hearings, and our final day. After that the House and Senate will go to work and attempt to produce a bipartisan approach, at least on the Senate side, to training and employment issues.

Our first witnesses are at the table, and we will call on Richard F. Schubert of the National Alliance of Business.

First, I would like to announce that we do have a timer. We have 5 panels and 20 some witnesses. It's my desire to conclude the five panels hopefully by 12:15 or 12:30, about 3 hours of testimony.

So that everyone can have a chance and Senators and Congressmen will also have an opportunity for questions and answers, I will be rather strict on the 5-minute rule. And you can see the timer there; when the red light comes on, that means the time has expired.

No consents will be granted for extensions; extensions will take place in the matter of questions and answers.

Mr. Shubert?

STATEMENTS OF RICHARD F. SCHUBERT, VICE CHAIRMAN, BETHLEHEM STEEL, REPRESENTING THE NATIONAL ALLIANCE OF BUSINESS; JAMES CAMPBELL, PRESIDENT, MISSISSIPPI SCHOOL SUPPLY CO., REPRESENTING THE CHAMBER OF COMMERCE OF THE UNITED STATES; ALBERT W. DRIESBACH, VICE-PRESIDENT, E. J. BROOKS CO., REPRESENTING NATIONAL ASSOCIATION OF MANUFACTURERS; FRANKLIN A. LINDSAY, CHAIRMAN, EXECUTIVE COMMITTEE OF ITEK CORP., REPRESENTING THE COMMITTEE FOR ECONOMIC DEVELOPMENT; AND LLOYD HAND, SENIOR VICE PRESIDENT AND ASSISTANT TO THE CHAIRMAN OF THE BOARD OF TRW, INC., REPRESENTING THE BUSINESS ROUNDTABLE, A PANEL

Mr. SCHUBERT. Senator Quayle, Chairman Hawkins, the National Alliance of Business comes to these hearings after a year-long process of study and consultation on the labor market challenges facing this country. We have consulted with literally hundreds of business leaders, with some corporate chief executives of major industries and with national business organizations. We have studied particularly the successful use by European nations of government-business-labor boards to plan and manage their employment training programs; and we have evaluated the results of formal business involvement in recent employment training programs—for example, title VII private sector initiative under CETA. I would like to submit for the record the studies and the findings, as well as our formal testimony.

The business community, for economic as well as social reasons, is increasingly concerned about several urgent labor-force problems: persistent unemployment among the unskilled; displaced workers; skill shortages in critical national industries. We believe sincerely that business people are ready to come forward with government in a combined effort to address the problem.

In our view, the two most important objectives of this legislation should be to, one, create a real public-private partnership, and a more effective government structure for employment and training programs.

Based on the consultations that I have described with business leaders around the country and our study of the issues, we seek three basic reforms that we believe will increase and sustain private-sector participation.

First, a specific role for business that gives it policymaking functions at both the State and local levels. To accomplish this, we propose a majority business council at the State level to share decision-making with the Governor in all aspects of employment training policy and program structure. We also propose a strengthened private industry council, a PIC at the local level with unambiguous authority over planning, policy, budget allocation and methods of managing and delivering. And, a selection process for that PIC membership that requires nomination by local business organizations and appointments by elected officials. And then, last, we propose a requirement that most PIC business representatives be high-level business executives; we want their action and we want their commitment and that of their organizations.

In our view, the local PIC, altered in structure to insure adequate representation of local elected officials, is the best forum for joint decisionmaking.

Second, we seek a governance structure that permits employment and training programs to be managed effectively and at a reasonable cost. To achieve this: employment and training programs must be brought together as much as possible under a single State and local management structure—consolidation, in other words; local decisionmakers must be able to set their own priorities and design their strategies, and the oversight of local programs must be decentralized to the States; and then, in addition, sub-State boundaries for program planning and delivery must be based on functioning labor markets rather than on local political jurisdiction.

The last major point, gentlemen, is that we seek in this legislation workable bottom-line performance standards, and the financial rewards and sanctions to make them meaningful.

To conclude this brief outline of NAB concerns, let me stress again the need for business and government to work together on these problems. We have reviewed carefully the various CETA replacement bills and we have found many good elements in each of them, and would commend you gentlemen and your staffs for the diligence that you have applied to this problem.

The next few weeks, perhaps months, will surely bring negotiations and compromise among the different interests and proposals. But NAB views the administration's Job Training Act as containing most of the basic reforms that we have sought as a consequence of our study and of our consultation around the country.

Thus, we urge your committees to use that bill as the framework vehicle for further deliberation. We hope you will give careful consideration to what we consider again, in final conclusion, the two most important objectives: One, a more effective governance structure, and a real public-private partnership.

The business community is prepared to be involved in a meaningful way, and we think that the problem cannot be addressed unless that involvement occurs.

Thank you very much.

[The prepared statement of Mr. Schubert follows:]

TESTIMONY ON JOB TRAINING LEGISLATION

Presented by Richard F. Shubert,
Vice-Chairman of Bethlehem Steel

On behalf of the

NATIONAL ALLIANCE OF BUSINESS

Before Joint Hearings of the

Senate Subcommittee on Employment and Productivity

and the

House Subcommittee on Employment Opportunities

TESTIMONY ON JOB TRAINING LEGISLATION

by the National Alliance of Business

March 18, 1982

Mr. Chairman and members of the Committees, thank you for the opportunity to testify at these historic joint hearings on legislation to replace CETA. We could not be more pleased to see the Administration, House and Senate join hands in a cooperative effort to speed up resolution of the important employment and training issues facing Congress. Everyone concerned about these issues — including the business community — has a vital interest in supporting the cooperative, bipartisan approach initiated in these hearings. The business community is particularly gratified to see the Administration introduce CETA replacement legislation that recognizes the importance of a federal role in efforts to traing the long-term unemployed.

My name is Dick Shubert, Vice-Chairman of Bethlehem Steel, and I am here representing the National Alliance of Business. We are an organization of business people with over a dozen years of interest and experience in programs that aim to improve job opportunities for the unskilled unemployed. Since the time of our founding in 1968 during the Johnson Administration, we have been endorsed and supported by each subsequent Administration in these efforts.

The Alliance operates an extensive network in the field of eleven regional offices whose mission is to work with the employment and training community to foster the involvement of business in jobs programs. The NAB regional offices provide technical, promotional and informational assistance to Private Industry Councils, local governments and business organizations. They are a vital source of knowledge about the grassroots operational issues involved in gaining business support and involvement in these programs.

NAB's Board of Directors represents a cross section of U.S. corporate officers, as well as the leadership of other national business organizations. As a member of this Board and Chairman of the Board's Policy Committee, I can attest to the serious effort that our organization engaged in over the last year to study carefully the issues involved in national employment and training policy, and to consult extensively with business people and others around the country on these matters.

Among our activities were:

- Eleven (11) regional policy seminars, some of which were conducted jointly with the Business Roundtable, the Committee for Economic Development, the American Business Conference and the National Association of Manufacturers. These seminars brought together hundreds of Private Industry Council members and other local business leaders to discuss their experience with the CETA system and options for the future.
- A study of how three European nations utilize business/government/labor (tripartite) boards to plan and implement labor market programs, together with implications for U.S. policy.

- A review, conducted jointly with the National Governors Association, of American experience at the state and local levels with tripartite governing bodies that permit shared public/private responsibility for policy and program decisions.
- An assessment of nationwide experience with business involvement under CETA and other training programs, with a special focus on what difference such involvement makes in program outcomes.
- Extensive consultation with public and private sector employment and training experts around the country and here in Washington.
- Numerous meetings of NAB's Board and Policy Committee, composed of corporate chief executives, to consider policy and legislative options based on the findings of our studies and consultations.

I would like to submit for the record several of these studies and reviews which have influenced our thinking. We hope the findings — some of which I will highlight in my testimony —will be of help to committee members as you consider the issues.

If I had to pinpoint the single most important finding of our work over the last year, it would be this: a real public/private partnership, together with a more effective governing structure for employment and training, is the best hope we have for solving the labor force problems facing this country. These problems are serious: persistent unemployment in population groups that are falling further behind in their ability to compete effectively in the labor market; ever greater numbers of displaced skilled workers who may not be reemployed without retraining and other assistance; and growing skill shortages in critical national industries. And yet the costly and unmanageable set of employment and training programs in this country — of which CETA is only a part — is universally underutilized by employers. It is not effective enough in preparing people to be productive members of the labor force or of matching unemployed people with available jobs. And it is failing to mesh properly with the very large training investment and know-how found in the private sector.

This nation is dangerously behind other industrialized countries — with which we have to compete internationally — in building effective partnerships with the private sector to address critical labor market problems. A recent study by the National Alliance of Business of European labor market programs shows broad acceptance there of the concept that labor market performance can be improved only through business and worker participation in decision-making. The three countries we studied — Great Britain, Sweden and West Germany —have all delegated broad authority to tripartite boards operating in a hierarchy from the federal down to the local level, to design and manage their public employment and training programs. This has produced a number of important results:

- Better cooperation by business and labor with public sector labor market programs, and greater and more direct employer participation in the programs
- Improved program quality because the parties affected are involved in the design of the programs

- More efficient administration, due to the lack of bureaucratic restraints of regular public agencies and the tendency to invoke a market place "bottomline" on the programs

A key feature of the European approach is that most or all labor market programs are run through a single administrative structure using the tripartite boards as the focal point for decision-making. This means that labor exchange services are planned and managed by the same organization that handles labor market training, job creation, relocation and other labor market programs.

When you compare how we operate similar programs in the U.S., there can be no question about why our efforts generate so little measurable success or respect on the part of employers, workers, and the unemployed. The governance structure for employment and training programs in this country is characterized by serious fragmentation of authority and responsiblity both between levels of government and among different public agencies at the same governmental level. Entirely separate public bureaucracies deal with:

- Remedial training and job assistance programs for the economically disadvantaged
- Residential training programs for disadvantaged youth
- Labor exchange services for employers and the unemployed
- Work incentive and training programs for welfare recipients
- Vocational education programs with special components for the economically and physically handicapped

- Apprenticeship programs
- Special training and employment programs for veterans, the elderly, and the physically handicapped
- A variety of training and benefit programs for displaced workers.

The line-up is impressive if one is looking for evidence of public concern for those facing barriers to employment or reemployment. But the list also highlights the unplanned way we have responded to labor market issues. Our method—after perceiving the problem, usually related to a particular population group — has been to set up a new program and a new public bureaucracy to address it, without regard for what is already in place in either the public or private sector.

Secondly, the success of all of these programs is dependent on their ability to synchronize with the realities of the private market place, and be accepted by private sector employers. Business is ultimately the key client of training programs since over 80% of job opportunities are created in the private sector. The public sector has neither the resources nor the expertise to handle structural unemployment alone.

Yet few, if any, of our existing programs have effective, built-in mechanisms that ensure employer involvement and acceptance. The term "public/private partnership" has been incorrectly used to define programs with private sector advisory councils that can be appointed, "de-staffed" and "de-appointed" at the total discretion of government officials. It is no partnership when public agencies set the rules, develop all the plans and budgets, and call in the advisory committees once or twice a year for pro forma approvals. Yet, that is the exact nature of the so-called partnership arrangements in most of our employment and training programs. It is a far cry from the real sharing of authority and decision-making that we saw in our European study.

We often hear it argued that the European experience is not relevant to circumstances in America; that while it may work in Europe, the idea of delegating authority for publicly financed programs to non-governmental parties is not really workable.

But we found many American examples of this in a recent study conducted jointly with the National Governor's Association. This study looked at more than twenty different state and local organizations where the governing structure gives business and other private sector representatives considerable authority over the expenditure of public funds or the conduct of public programs. Many of these organizations were created to overcome limitations in existing governmental structures. Quasi-independent economic development entities have been given significant public spending authority to ease legal and financial transactions between the public and private sectors. Their purpose is also to bring private sector know-how into the decision-making, to aid in marketing programs with business, and to introduce better management practices. So when we talk about shared public/private decisionmaking in the employment and training field, it is important to understand that this is not a completely new concept in this country. It has been tested and found successful in other programs.

The real issue, though, is not whether private sector decisionmaking can be structured into the process, for it most certainly can if public policymakers choose to do so. More important is whether or not business involvement makes any difference in program outcomes.

On this issue, the evidence is surprisingly positive based on a review of CETA Title VII and related programs in recent years. I use the term "surprisingly" because of the very significant constraints of the current PIC experiment, including:

- The fact that PICs are still in the formative stage, with most having been created during FY '80
- Minimal PIC staff support, with most having less than $50,000 in FY '82 administrative funds
- The complex regulatory framework of CETA, which severely limits the opportunity for business initiative and leadership
- The built-in bias of current CETA performance measures against the most creative contributions made by many PICs in their role as brokers between business employers and various education, training, and development programs. (An example is the role played by the Buffalo PIC in saving 1,400 General Motors jobs, which CETA performance measures do not reflect.)

Even with these constraints, there is ample evidence that business involvement produces substantial and immediate improvements in program quality. Department of Labor figures indicate that the Title VII job placement rate for FY '81 was 25% higher than in Title IIB — at a 21% lower cost per placement. In some areas — Buffalo, Boston, Baltimore and others — placement rates above 70% and 80% are common. Furthermore, national data do not support charges that Title VII programs serve less disadvantaged clientele than other CETA programs.

The results of the Skill Training Improvement Program (STIP), an earlier experiment with private sector involvement, are much the same as Title VII. STIP achieved placement rates 25% higher than other CETA programs during the FY 79-80 period, and STIP proved to be more than twice as effective in raising client wages.

Independent evaluations of PSIP and STIP evidence strong business interest in the programs in most of the sites studied. But business interest is not the same as business leadership, which our regional policy seminars tell us has been frustrated by lack of authority over staff and resources, lack of funding, and lack of flexibility regarding program design. Added to that are even more fundamental issues which strongly discourage business participation. These include:

- CETA's public image, which must be overcome each time a business person is approached regarding participation in the program
- Limited marketing of CETA training programs, resulting in lack of knowledge about PICs by an estimated four out of five corporate executives

- A confusing delivery system for employment and training overall, which permits individual labor markets to be served by four, five or six prime sponsors, as many PICs, and entirely separate networks managed by the Employment Service, vocational educators, and other public agencies

It stands to reason that business people are put off by this system's unnecessary complexities. But the evidence nevertheless suggests that business interest in employment and training is substantial and widespread, even under difficult circumstances. Whether this interest grows and is translated into business leadership and initiative largely depends on the steps taken now, by your committees, to restructure these programs into a more managable system and to make the private sector an equal partner in the effort.

LEGISLATIVE RECOMMENDATIONS

In that regard, NAB is impressed by the level of consensus and degree of careful thought reflected in the various CETA replacement bills now before the two subcommittees. There are important elements of all of these bills which the business community can support, and they appear to be very similar in basic assumptions and objectives. We expect and encourage a process of negotiation and compromise to occur over the next few months among the various interests and proposals. This process will ensure passage and widespread support of vitally needed new legislation.

The need for fundamental reform, however, must not be comprised. The bill introduced on behalf of the Administration, in our view, incorporates the principles and reforms most sought by the business community, and provides the best framework for Congressional action on new employment and training legislation. We reached this conclusion after a careful review of the various bills, in which we were looking for the following major elements:

1. A structure and role for business that is legislatively specific; that will permit private employers to have policymaking functions at the state and local levels; and that will result in participation by the influential decisionmakers in U.S. business and industry.

2. A governance structure that permits employment and training programs to be managed effectively, and at a reasonable cost. In our view, there are several prerequisites to this, including:
    - Bringing together, under one management structure, as many related employment and training programs as possible
    - Decentralizing oversight of local programs from the federal to the state level
    - Leaving substantial discretion to program managers at the substate level to design programs according to local needs and priorities (which can be achieved only by avoiding detailed legislative program guidance and restrictions)
    - Changing the focus of program planning and management from local political jurisdictions to labor market areas

3. The inclusion of workable, bottom line performance standards for the entire system, with adequate rewards and sanctions to make the standards meaningful.

The remainder of my testimony will touch briefly on each of these three elements, with specific recommendations for Committee consideration.

Business Role

All of the bills take important steps to strengthen the role of business in the new system. The elimination of CETA's multiple advisory bodies in favor of a single Private Industry Council will streamline the process and expand the authority of private employers beyond their current role in the small Title VII program.

But more than this will have to be done if we want to see the real business decisionmakers in our communities come forth and participate in these programs. Our study with NGA of other successful public/private governing structures in this country pinpointed several factors needed for strong private sector commitment and involvement. First is the need to give the organization specific, legislatively mandated authorities. And the second is for these authorities to include financial decisionmaking.

These should not be surprising findings to anyone who knows how business people think and operate. They will not willingly participate in a volunteer activity if not given a substantive role, nor will they submit for long to an environment where they must struggle for authority with public officials. The legislation must not be ambiguous on making private employers full partners with government, along with labor and other private sector parties.

Full partnership implies more than an advisory or concurrence role for Private Industry Councils. In the Administration bill, the authorities defined for the local PIC are substantive policymaking ones, and they extend clearly into decisionmaking on budget matters. They also authorize or imply the need for independent PIC staffing, which is something NAB strongly believes should be included in the final legislation. . Without the right to hire and control its own staff, the PIC is in a very weak position to play more than a superficial role in the decisionmaking process. The Quayle and Jeffords bills recognize the importance of the PIC staffing issue, as we hope both the committees will.

The Quayle and Jeffords bills also make a strong attempts to place specific policymaking authorities in a reconstituted PIC, and should be studied carefully for elements that may belong in the final legislation. But NAB is concerned about elements in these bills that seem to confuse the issue of public/private decisionmaking and weaken our ability to achieve a public/private partnership. For example, if — as in the Quayle bill — local elected officials appoint all PIC members and are themselves participants on the PIC board as it develops a budget and program plan for the area, why then is it necessary to set up a burdensome process for plan aproval and appeals by local elected officials to the Governor and, ultimately, to the Department of Labor?

This approach perpetuates the concept of the public and private sectors as adversaries in the process, and assumes incorrectly that the views of local elected officials will be ignored on the PIC board. We urge the Committees to view the PIC, altered in membership to ensure adequate representation by local elected officials, as the logical focal point for planning, policy, budget making authority at the substate level. It is incorrect to assume that this approach constitutes "business control" over the system. All parties in the labor market who have an interest or stake in these programs — including community based organizations, labor, and local educators — will be represented on the PIC. It is incorrect to argue that this approach blurs accountability and splits functions between the public and private sectors in an unmanageable way. The PIC itself is where the public and private sectors should come together to make decisions, and to share accountability for the success or failure of these programs. We would not have proposed a "multipartite" PIC if we were seeking complete business control. Conversely, a public/private PIC governing board makes little sense if all we're seeking here is a private sector advisory body with government as the real decisionmaker.

The legislative approach we support would not mandate that business people (or the PIC itself) take on functions they are not prepared for or functions they would rather not perform. These would be issues for debate and decision by the public and private members of the PIC board. We're certain that decisions would vary greatly from area to area, such as on the issue of what entity will actually administer or manage the program. Moreover, in some cases PIC boards may rely on local government staff — at least in the initial years — to provide policy, planning and budget development support. But we believe these are decisions for the PIC board to make, rather than prescribed in legislation.

The issue of legal and financial accountability is highly overrated as a potential roadblock to delegating policy and budgeting authority to a public/private entity, as we are proposing for the PIC. Such accountability would be assured as it is in many other long-standing quasi-public institutions such as state economic development authorities. Responsibility is shared by the state government and by local board members who are bonded in order to provide insurance for their protection and for the public's protection in case of funding misuse. Individual cases of fraud and abuse would be adjudicated in state and federal courts according to current legal practice.

We cannot stress enough the necessity for legislation to be clear and specific on the PIC's central policymaking authority, including the inherent right for this public/private governing structure to depart as much as it sees fit from past methods of planning, managing and delivering training services for the disadvantaged. For within this framework of flexible public/private decisionmaking is the greatest potential for less costly, less bureaucratic, and more results-oriented programs.

There is no assurance that the business community will show strong leadership in every community even with the changes we are advocating. However, the overall purpose of these changes is to facilitate local solutions to locally defined labor market problems --by giving business, government and community leaders a vehicle for resopnding and adapting to economic conditions. The PIC can maximize business participation by giving business an explicit decisionmaking role and by operating in an environment free of most of the political, regulatory and bureaucratic obstacles to a businesslike approach to employment and training. Predictably, where business leadership is weak, program decisionmaking is likely to be more "staff-driven" and oversight responsibility will rest more heavily with local elected officials and the state. We would expect, overtime, for business leadership to develop even in areas where initially it may be weak. But without the type of changes we have recommended, such leadership is highly unlikely to develop at all in most areas of the country.

Appointments to the Local Private Industry Council

The issue of selection of local PIC board members is critical if the PIC is to be the central policymaking body for employment and training. The bills so far introduced all approach this in slightly different ways, and each approach has its merits. We ask the committees to consider the following principles as they address this issue:

1. The process for initial PIC appointments should incorporate the partnership concept through a role both for public and private sector officials. A good approach is for public officials to appoint from a list of nominations developed by private sector organizations, for

this minimizes the role of politics in the appointments process and generates a sense of responsiblity and ownership by business leaders in the area. We do not think business nominations should necessarily be limited to those submitted by "general business groups", as proposed in the Quayle bill. There may be other key business groups in the area that do not have open membership but nevertheless represent the most important area business and industry leaders. All such groups should have a ròle, but we think they should jointly submit a single list of nominations from which appointments will be made by public officials.

2. Local elected officials, in proportion to their jurisdiction's share of eligible population, should have appointing authority for the initial PIC, with Governors certifying the PIC board as meeting legislative criteria. This approach best recognizes the need for local decisionmaking and local partnership.

3. PIC replacement appointments should be a matter decided by the PIC itself, and not specified in the legislation. Once a PIC is constituted and operating, the public/private decisionmaking process will be established and capable of deciding the best approach to replacements. The legislation should simply call for PIC by-laws to specify the replacement procedures.

4. All, or a substantial portion of, PIC business representatives should be high-level business executives. This is a critical issue, for if the majority of business members are not the key business leaders and decisionmakers from the area, the entire program is certain to be

ineffective in reaching out to the wider business community. We would like to study further whether the definition should be business people with "profit and loss responsibility," or those from "upper level management" as proposed in the Administration bill. But we strongly urge the committees to join with us and other business groups in an effort to assure the highest possible level of business representation on the PIC.

5. Business representatives should constitute a majority of PIC board members. A primary function of the new PIC should be to link the employer community to the broad range of education and training programs in the local labor market. The ability of the PIC to act as an intermediary between the public and private sectors largely depends on whether private employers trust the PIC to understand business needs and business methods of operation, and for the PIC organization itself to operate in a business-like way. The PIC's credibility with employers is vastly greater when it is chaired by a business person and has majority business membership.

Governance Structure

The ability of employment and training programs to be managed effectively, at reasonable public cost, is as critical to the business community as a legislatively specified public/private decisionmaking process. We seek in this new legislation the potential for all related employment and training programs to be planned and managed by a single governance structure at both the state and local levels. We can no longer afford financially the excessive overhead and gross inefficiencies of the current approach, which also constitute a major roadblock to business support and participation.

There are four key objectives we seek in the new legislation to reform the governance structure:

1. Responsibility for oversight of local fiscal and program performance should be placed at the state level. Only through this approach can we (a) eliminate costly and ineffective federal management of local programs and (b) create the opportunity for a comprehensive state policy, planning and organizational approach to the various elements of public employment and training policy. States now oversee education, welfare, unemployment insurance and economic development policy — policies with which employment and training needs to be closely coordinated. A state oversight and coordinating role will facilitate decentralization of decisionmaking for these related labor market programs to the local level, where public and private leaders can shape solutions to meet specific local needs.

   Equally as important, NAB believes the public/private partnership concept must be carried to the state level. We recommend a state council, similar in structure and membership to the local PIC, to share authority with the Governor on all major aspects of the program. Both the Administration and Jeffords bills include this proposal, and we urge the committees to incorporate it in final legislation. We think the state Council is vital to infuse a businesslike perspective into state policymaking, thus minimizing the potential for bureaucratic excess and overly political decision-making.

2. Ideally, new legislation should mandate -- at a minimum it should encourage --coordinated state and local management of the new job training program, labor exchange services, apprenticeship, vocational education, and other related employment and training programs. The Jeffords bill comes closest to the approach preferred by NAB, because it consolidates formally many of these programs under a single block grant. But all the bills take important steps in this general direction, and we strongly support such provisions as:

   - encouraging the merger of state and local planning councils; and
   - discretion for governors to reorganize and streamline state employment and training agencies.

In particular, NAB recommends giving local PICs planning and policymaking authority over Wagner-Peyser functions. This provision will permit job training and labor exchange services to be planned in concert with each other at the local level without forcing a complete legislative merger of the two federal programs.

3. New legislation should provide for local planning and program administration based on labor market rather than local political boundaries. First, a labor market approach to programming will put employment and training programs on an economic footing. The current fragmented delivery system does not correspond with the way most employers and workers make their employment decisions and, therefore, is limited in its capacity to improve the functioning of a labor market. Like transportation, air quality control and other areas of public policy, employment and training issues transcend the geographic boundaries of local jurisdictions. Under a jurisdictionally based system, for example, it would not be possible to assure that central city unemployed would have access to a job training system which links with job opportunities in surrounding suburban areas.

Second, in this time of shrinking public resources we can no longer afford the duplication of administrative structures and the lack of coordination inherent in the present system. In many large metropolitan areas there are four, five, or six prime sponsors each with its own PIC, plus a separate Employment Service system. Drastic budget cuts, such as the ones we now face, will not allow for this extravagance.

Finally, a labor market approach is necessary in order to minimize the obstacles to business involvement in the system created by a Balkanized administrative structure. Simply put, the existing structure is confusing and makes little sense to most businesspersons.

While the Quayle and Jeffords bills create the potential for some reorganization of substate boundaries, the Administration bill is strongest on this issue by instructing the states to organize the new system on a labor market basis. There is ample room under the Administration bill for flexibility on how labor market boundaries are defined and for deviations from the labor market standard where local circumstances warrant it. Final legislation should contain this flexibility but should not water down the state's authority to take this major step toward systemwide reform.

4. New legislation must avoid, at all costs, overly restrictive and detailed provisions that limit the ability of local decisionmakers to design programs tailored to local needs. Creating a more streamlined governing structure, with strong business participation, will have limited results if local policymakers are forced to operate within a rigid regulatory framework, whether imposed from the federal or the state level. Limitations on how local programs achieve federally legislated goals should be kept to a bare minimum. Provisions emphasizing particular target population groups over others should be avoided. And there should be enough flexibility in participant eligibility criteria for local programs to respond to labor market problems that go beyond the issue of long-term unemployment. We support, for example, the provisions in the Administration bill permitting five percent of funds to be spent on displaced worker services, and for another ten percent to be applied to persons with special labor market disadvantages.

Performance Standards

Clear performance standards and effective rewards and sanctions based on program performance are the final critical elements of an effective new governing structure for employment and training. On this issue, we see strong similarities among the different bills, and suggest only a few points for committee consideration. First is the need to recognize, in the performance system, benefits that go beyond the statistically measurable outcomes of job placement. Examples are PIC successes in retaining jobs, coordinating with other economic development efforts, or gaining financial support from businesses for job training. Secondly, performance standards should contain no bias in favor of quick, cheap placements at the expense of long-term, quality training that results in greater future earning potential. Third, there should be rewards not only for local programs that exceed performance goals, but also for actions taken at the state level to reform, streamline and consolidate employment and training functions. Fourth, the performance system should not overburden state and local programs with excessive verification and reporting requirements.

In conclusion, I would like to urge the members of these two committees to look to the future rather than to the past as you begin to draft CETA replacement legislation. A great oportunity exists to reform this country's labor market programs so they can respond more effectively to the labor force problems we face both now and in the decade to come.

We hope you'll give careful attention to what we consider the two most important issues in these reforms: a more effective governance structure and a real public/private partnership.

(Note: In the interest of economy, the Executive Summary accompanying this statement was retained in the files of the committee.)

Senator QUAYLE. Thank you very much. Mr. Campbell?

Mr. CAMPBELL. Mr. Chairman, my name is Jim Campbell, and I am pleased to represent the U.S. Chamber of Commerce and our 220,000 business firms who are members.

We congratulate you and your committee members for holding these hearings on this most important issue.

We support S. 2184, the administration's proposed Training for Jobs Act of 1982. However, we also applaud the quality of thought and work in the Quayle-Kennedy, Jeffords, and Hawkins proposals to redesign the Federal employment and training system. Each makes contributions to improving the system which should be considered for inclusion in the final bill. All, we think, are similar in basic assumptions and objectives.

Business people are concerned about the structurally unemployed. Today, over 100 local chambers of commerce and over 6,000 business people are now at work with the private industry councils under CETA's title VII demonstration program. We think that even more business people and businesses would participate in a better system.

Business leadership in public employment and training programs is essential for business use of these systems as a regular source of employees. Our challenge, we think, today is to design and implement an employment and training program that will capture the attention and the active support of the private business community. Because none of us believe, though, in change for the sake of change, we think that the new system must also recognize and preserve the successful elements in the current system.

The administration's Training for Jobs Act of 1982 makes the changes to the current system most sought by the business community and we think provides the best framework for a system under which effective programs can develop, survive, and succeed.

Now, if such an improved system becomes law, the U.S. Chamber would work with its business members and with its State and local chamber members to help build effective business support, cooperation, and participation for this employment and training effort at State and local levels.

We think that the strength, Mr. Chairman, of the administration's proposals is that it has substantial targeting toward those drawing income transfer payments; provides for the creation of Federal, State and local cooperation to help the displaced; it provides for private-sector-led State job training councils to help Governors create employment and training systems to meet each State's needs; it provides for local private industry councils where local employers are in the majority, and those councils will determine what employment and training programs are best suited to their specific labor markets, and they will decide who can best manage the local programs, who can offer the kind and quality of training programs that employers need, and then they will measure how well the programs are performing; there are transitions provided which minimize the political pressure on Governors to retain the current system while allowing continuation of its successful elements; there is genuine consideration, we think, of the individual in designing training, with the education and training focused on job preparation; it provides for competition among all educators and trainers for funds and continued eligibility for contracts based on performance; there is a prohibition of payment of subsidized wages and allowances which makes this a true job training program and not an income support program; there are provisions for coordination with other elements of the employment and training system such as vocational education and the State employment services.

Its greatest strength, we think, is the flexibility which allows the private and public sectors in each labor market to establish a system consistent with their own specific interests.

We do have some suggestions that would make the bill even more effective.

One, that the Governor and any appointing mechanism be required to seek nominations for business seats on the State and local councils from general and special purpose business organizations and also that the leaders of the small business community be assured of seats on these councils.

We think that State and local councils should receive adequate up-front planning funds in fiscal year 1983 and that the councils be free to incorporate and to hire their own staffs beginning in 1983.

We think that performance standards should be kept clear, simple and uncomplicated so that they don't destroy local initiative.

We think that allowable training activities not limit local initiative.

We also believe that States should be allowed to use unemployment insurance payments to permanently displaced workers who are in retraining programs as part of the matching contribution to Federal funds for displaced workers.

We feel that independent contracting should be permitted in the gathering, compiling, publishing, and marketing of local labor market information which meets Federal standards.

If all this is accomplished, Mr. Chairman, Congress and the administration will have created a workable structure which can help some very needy people improve their own lives.

What is proposed is the creation of an effective structure over a 2- to 3-year period of a 5-year authorization. Success will have to be measured initially, we feel, in terms of the creation of the structure itself, for only in 1985 will Federal performance bonus funds be available to the States.

In summary, we will support the administration's bill, if modified and improved as we have suggested today.

We will be happy to work with the respective committees and their staffs to perfect the bill.

And, finally, Mr. Chairman, we appreciate the opportunity to appear before these joint hearings and will be happy to answer any questions you may have.

[The prepared statement of Mr. Campbell follows:]

STATEMENT
on
EMPLOYMENT AND TRAINING PROPOSALS
before the
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
of the
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
and the
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
of the
HOUSE COMMITTEE ON EDUCATION AND LABOR
for the
CHAMBER OF COMMERCE OF THE UNITED STATES
by
James Campbell
March 18, 1982

My name is James Campbell. I am President of the Mississippi School Supply Company, a member of the Board of Directors of the Chamber of Commerce of the United States and Chairman of the Chamber's Committee on Education, Employment and Training.

Mr. Chairman, I am pleased to be here today on behalf of the Chamber's membership which includes over 220,000 business firms, 1,300 trade and professional associations and 2,700 state and local chambers of commerce to present a business viewpoint of the legislation needed to replace the Comprehensive Employment and Training Act (CETA).

We congratulate the Chairmen and committee members for holding these joint hearings so that representatives of all points of view can come together at one time. Such an arrangement exemplifies of the cooperative spirit alive here today as we work to develop an employment and training system which will provide geniune opportunity for people who cannot enter the mainstream economy without special help.

We support S. 2184, the Administration's proposed Training for Jobs Act of 1982. We also applaud the quality of thought and work in the Quayle-Kennedy (S. 2036), Jeffords (H.R. 5461) and Hawkins (H.R. 5320) proposals to redesign the federal employment and training system. Each makes contributions to improving the system which should be considered for inclusion in the final bill. All are similar in basic assumptions and objectives.

Business people are concerned about the structurally unemployed. Over 100 local chambers of commerce and over 6,000 business people now work with the private industry councils under CETA's Title VII demonstration program. Even more business people and businesses participate in a better system.

Business leadership in public employment and training programs is essential for business use of these systems as regular sources of employees. Our challenge today is to design and implement an employment and training program that will capture the attention and active support of the private business community. Because none of us believe in change merely for the sake of change, the new system must also recognize and preserve the successful elements in the current system.

The Administration's "Training for Jobs Act of 1982" makes the changes to the current system most sought by the business community and provides the best framework for a system under which effective programs can develop, survive and succeed.

If such an improved system becomes law, the U.S. Chamber will work with its business members and with its state and local chamber members to help build effective business support, cooperation, participation and leadership for this employment and training effort at state and local levels.

STRENGTHS OF THE ADMINISTRATION PROPOSAL

The strengths of the Administration proposal are:

- substantial targeting toward those drawing income transfer payments.

- creation of federal, state and local cooperation to help the displaced.

- private sector-led state Job Training Councils to help governors create employment and training systems to meet each state's needs.

- local private industry councils where local employers are in the majority. Those councils will determine what employment and training programs are best suited to their specific labor markets. They will decide who can best manage the local programs, who can offer the kind and quality of training programs employers need, and then measure how well the programs are performing.

- transition provisions which minimize political pressure on governors to retain the current system while allowing continuation of its successful elements.

- genuine consideration of the individual in designing training, with the education and training focused on job preparation.

- competition among all educators and trainers for funds and continued eligibility for contracts based on performance.

- prohibition of payment of subsidized wages and allowances which makes this a true job training program and not an income support program.

- provisions for coordination with other elements of the employment and training system such as vocational education and the state employment services.

Its greatest strength is its flexibility which allows the private and public sectors in each labor market to establish a system consistent with their specific interests.

SUGGESTED IMPROVEMENTS TO THE ADMINISTRATION PROPOSAL

The Training for Jobs Act of 1982 can even be more effective if the following changes are made:

- that the governor and any appointing mechanism be required to seek nominations for business seats on state and local councils from general and special purpose business organizations and that leaders of the small business community be assured seats on those councils.

- that state and local councils receive adequate up-front planning funds in FY 1983 and that the councils be free to incorporate and to hire their own staffs beginning in 1983.

- that performance standards be kept clear, simple and uncomplicated so they do not destroy local initiative and that performance rewards are paid to local contractors.

- that allowable training activities not limit local initiative.

- that states be allowed to use unemployment insurance payments to permanently displaced workers who are in retraining programs as part of the matching contribution to federal funds for displaced workers. Such a provision would require no change in present unemployment insurance laws.

- that independent contracting be permitted in the gathering, compiling, publishing and marketing of labor market information which meets federal standards and is fed into the federal data base.

If all this is accomplished, Mr. Chairman, Congress and the Administration will have created a workable structure which can help some very needy people improve their lives.

What is proposed here is creation of an effective structure over a two to three year period of a five year authorization. Success will have to be measured initially in terms of the creation of the structure itself, for only in 1985 will federal performance bonus funds be available to the states. Performance will have to be judged in terms of the quality of the training offered and the long-term improvement in earnings of the people served. $2 billion in funding allows us to create a structure and give a selected number of people the education, training and job-getting skills necessary for them to enter the mainstream economy. Such targeting and careful budgeting is appropriate to a system undergoing major change.

We are enthusiastic about the structure but know that a system in transition has limitations. It is not a major employment program for the displaced worker nor an extensive program to train people in scarce skills. Primarily, it is a remedial education and training program for the severely disadvantaged.

The program can be successful if properly designed and adequately supported and if expectations of it are reasonable from the outset.

CONCLUSION

In summary, we will support the Administration's bill if modified and improved as we have suggested today.

We will be happy to work with the respective Committees and their staffs to perfect the bill.

Finally, Mr. Chairman, I appreciate the opportunity to appear before these joint hearings and will be happy to answer any questions you may have.

Senator **Quayle**. Thank you very much, Mr. Campbell. Mr. Driesbach.

Mr. **Driesbach**. Mr. Chairman and members of the committee, thank you for the opportunity to testify at these joint hearings. My name is Al Driesbach and I am the vice president of the E. J. Brooks Co. in Newark, N.J. We employ 240 people, and our business is the manufacture of lead, metal, and plastic seals. I am representing the National Association of Manufacturers [NAM].

Central to the NAM efforts since 1979 has been the recognition of the need to revitalize American industry. Human resources are a vital part of this policy.

America's existing employment policies, programs, and institutions require reform. Today, the Comprehensive Employment and Training Program [CETA] is at a turning point. Clearly, the direction and shape of successor legislation to CETA is important to the Nation, its businesses, and workers. NAM believes that employment and training legislation should encourage business participation. Current CETA legislation, with the exception of title VII, has not encouraged this participation. I mention title VII because it is how I personally got involved with CETA, first as a member of the private industrial council of Essex County, and currently as its PIC chairman.

Business and industry have been reluctant to assume a major role in such a program because the government bureaucracy has frequently become synonymous with unrealistic goals and burdensome paperwork, and policies and programs have generally been poorly administered and created a legacy of ill will, and those eligible for traditional employment and training programs were unfit educationally and culturally and not prime candidates for private sector jobs.

It would be useful to separate the consideration of human resources issues into short- and long-term action plans. In the short-term, the immediacy of the reauthorization of CETA requires specific and practical responses from the private sector. Because of the disproportionately high rates of unemployment among the culturally and economically disadvantaged and due to the fact that resources are limited, federally funded programs should focus primarily on this group. A longer term national strategy, which encompasses the entire work force, should be seriously considered. This long-term plan is needed due to the changes taking place in the fundamental economic and demographic trends which signal new goals and challenges for education and training.

Private employers should assume a substantial role in improving the employment prospects of the structurally unemployed, since private industry already has the largest and most experienced training system in our economy. NAM supports and encourages voluntary participation and cooperation with sound government programs for the structurally unemployed. The program should be organized suitably for private industry involvement, give due consideration to the cost involved, and reduce regulatory entanglements cumbersome to the participants.

New legislation should encourage business and industry participation in the design and operation of training programs by seeking to:

Establish realistic incentives for services delivered by the private sector;

Transmit funds to the States in block grants with minimal Federal involvement;

Set realistic but flexible performance standards;

Emphasize training for private sector jobs rather than income support;

Establish programs that match eligible participants' abilities, motivation, and capacities with training for a specific job;

Create training programs which are matched against current job openings;

Give business the lead decisionmaking role in a public-private partnership for employment and training;

Build on the strengths of the existing employment and training system; and

Attempt to coordinate and consolidate the more effective of the existing Federal training programs.

In order to encourage increased private responsibility, contracting provisions attached to public programs should not discourage remediation and training for profit. Such programs should concentrate their efforts on making disadvantaged individuals job-ready and training-ready rather than attempting to provide full-time public employment and job-specific skills. Job-specific skills should be learned in connection with the actual work requirements of private employment.

There are reforms in the current employment and training bills pending Congress which the business community can and should support. For example, all the bills have to be viewed as favorable from the aspect of the increased awareness for the need to have more private sector participation. The strong role for the private industry councils proposed in Senator Quayle's bill and Congressman Jeffords' bill is an important issue which the NAM supports. We also endorse Congressman Jeffords' efforts to consolidate and coordinate all major Federal employment and training programs.

NAM supports strong State job training and local private industry council structure. Strong business representation on those councils and clear authority for them will lead to organization and programing suitable to preparing trainees for private sector jobs.

It is useful to point out that traditional structural unemployment, particularly that associated with center city youths, must be differentiated from the more recent unemployment associated with shift in the world and U.S. economies. These two forms of structural unemployment arise from different circumstances and should be dealt with separately.

That is why a longer term national program must be developed that addresses the need.

Thank you, gentlemen.

[The prepared statement of Mr. Driesbach follows:]

National Association of Manufacturers

TESTIMONY OF THE NATIONAL ASSOCIATION OF MANUFACTURERS
ON
EMPLOYMENT AND TRAINING
BEFORE
JOINT HEARINGS OF THE
SENATE LABOR SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND
HOUSE LABOR SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
March 18, 1982

1776 F Street, N.W. • Washington, D.C. 20006 • (202) 626-3700

Mr. Chairman and members of the Committees, thank you for the opportunity to testify at these joint hearings on the issue of employment and training. My name is Al Driesbach, Vice-President E.J. Brooks Company in Newark, New Jersey. E.J. Brooks employs approximately 240 workers and is in the business of manufacturing metal, lead and plastic products. Accompanying me today is Bill Bartolone, Associate Director of Human Resources for the National Association of Manufacturers.

I am appearing today in my capacity as a member of the National Association of Manufacturers (NAM) Employment and Training Subcommittee. The NAM is a voluntary business organization with approximately 12,000 member companies located in all parts of the country. The NAM membership accounts for approximately 75 percent of the nation's manufacturing output and 80 percent of the members are generally considered to be small business.

Central to NAM efforts since 1979 has been the recognition of the need to revitalize American industry. We have adopted positive, growth-oriented policies to help restore the nation's economic health. Human resources are a vital part of this policy. Without explicit attention to the nation's human resources, renewal of American industry will not be possible to achieve.

American's existing employment policies, programs, and institutions require reform. Today, the Comprehensive Employment and Training Program (CETA) is at a turning point. Clearly the direction and shape of successor legislation to CETA is important to the nation, its businesses and workers. NAM believes that employment and training legislation should encourage business participation. Current CETA legislation does not encourage this participation. Business and industry have been reluctuant to assume a major role in such a program because:

o There is seldom realistic incentive to compensate for risks involved;

o The government bureaucracy has frequently become synonomous with unrealistic controls and burdensome paperwork requirements;

o Policies and programs have generally been poorly administered creating a legacy of ill-will;

o Those eligible for traditional employment and training programs were "unfit" educationally and culturally and not prime candidates for private sector job openings.

It would be useful to separate the consideration of human resources issues into short and longer term action plans. In the short term the immediacy of the reauthorization of CETA requires specific and practical responses from the private sector. Because of the disproportionately high rates of unemployment among the culturally and economically disadvantaged and due to the fact that resources are limited, federally funded programs should focus primarily on this group. A longer term national strategy which emcompasses the entire work force should be seriously considered. This long term plan is needed due to the changes taking place in fundamental economic and demographic trends which will signal new goals and challenges for education and training.

Private employers should assume a substantial role in improving the employment prospects of the structurally unemployed since private industry already has the largest and most experienced training system in our economy. NAM supports and encourages voluntary participation and cooperation with sound government programs for the structurally unemployed. The program should be organzied suitably for private industry involvement, give due consideration to the cost involved, and reduce regulatory entanglements cumbersome to the participants.

New legislation should encourage business and industry participation in the design and operation of training programs, by seeking to:

o Establish realistic incentives for services delivered by the private sector;

o Transmit funds to the states in block grants with minimal federal involvement,

- Set realistic but flexible performance standards.
- Emphasize training for private sector jobs, rather than income support;
- Establish programs that match eligible participants abilities, motivation, and capacities with training for a specific job;
- Create training programs which are matched against current job openings;
- Give business the lead decision-making role in a public/private partnership for employment and training;
- Build on the strengths of the existing employment and training system; and
- Attempt to coordinate and consolidate the more effective of the existing federal training programs.

In order to encourage increased private responsibility, contracting provisions attached to public programs should not discourage remediation and training "for profit". Such programs should concentrate their efforts on making disadvantaged individuals job ready and training ready rather than attempting to provide full time public employment and job specific skills. Job specific skills should be learned in connection with the actual work requirements of private employment.

Legislative Issues

There are reforms in the current employment and training bills pending Congress which the business community can support. For example, all the bills have to be viewed as favorable from the aspect of the increased awareness for the need to have more private sector participation. The stronger role for Private Industry Councils (PIC's) proposed in Senator Quayle (S.2036) and Senator Jeffords (H.R.5461) bills is an important issue which NAM supports. Also we endorse Senator Jefford's efforts to consolidate and coordinate all major federal employment and training programs. However, the Administration's bill (S.2184) incorporates the major principles most sought by the business community, and provides the best structure around which to build an improved system. Our views on this bill include:

1. Private Sector Participation - NAM supports strong State Job Training and local Private Industry Council structure. Strong business representation on those councils and clear authority for them will lead to organization and programming suitable to preparing trainees for private sector jobs. This authority should extend to decision-making, and budget matters. Also, the local PIC's should have the ability to hire and control their own staff.

2. Flexible Performance Standards - These standards should recognize that performance may vary among the states

and also within the states due to economic, seasonal and cultural differences confronting the eligible population.

3. Training programs should be organized on a local labor market basis. The new legislation should provide for local planning and program administration based on labor market rather than local political boundaries.

4. Immediate and serious attention should be given to the coordination and consolidation of present training. The Administration's bill could be improved if it consolidated many of these programs as Senator Jeffords's proposal mandates.

National Employment and Training Policy

It is useful to point out that traditional structural unemployment... particularly that associated with center city youths... must be differentiated from the more recent unemployment associated with shift in the world and U.S. economies. These two forms of structural unemployment arise from different circumstances and should be dealt with separately.

That is why a longer term national program must be developed that addresses the need of the entire work force. The five basic objectives which should be addressed by public and private sector employment and training policies include:

1. Remedial training that provide functionally illiterate youths and adults with the basic reading, writing

and computing skills necessary to perform productive work;

2. Entry level training programs that are oriented toward full-time adult employment,

3. The upgrading and retraining of workers;

4. The retraining and relocation of displaced workers;

5. The shortage of skilled labor.

Legislation currently being considered should focus on the remedial and entry-level training objectives of this plan. Later, the other objectives should be developed to fit into an overall national structure.

Conclusion

The United States now has the opportunity to restructure its national employment and training programs. An economic environment conducive to increasing private investment and capital formation is critical for the improvement of job creation in the private sector. Efforts should be made to reduce the governmental barriers that are not conducive to the creation of this type of environment. Also, a greater emphasis on private sector involvement could serve as a catalyst in strengthening employment and training programs for human resource development. Our challenge today is to design and implement an employment and training program that will capture the attention of the private sector and foster its active support. NAM supports the Administration's bill because it contains the basic reforms that are needed if these programs are to become viable.

Senator Quayle. Thank you, Mr. Driesbach. Mr. Lindsay?

Mr. Lindsay. Mr. Chairman, I am Franklin Lindsay, chairman of the research and policy committee of the Committee for Economic Development.

While CED has not taken any formal position on any of the four bills under your consideration, we believe that the central points in our policies are embodied in varying degrees in all four of the bills, and I will quickly summarize what I consider to be these chief points.

First, we believe that a strong Federal role should be maintained in remedial employment and training policy. The major share of the cost must continue to be financed and broad policies must continue to be set by the Federal Government. Such Federal participation is needed whether it is done directly, as it is now, or indirectly through the States, as proposed by the administration.

The reasons are twofold. First, there is great disparity among the needs of the States and the resources available to them. Second, the problems, although local, have an aggregate impact on the health of the Nation.

Second, we believe that the full employment of the private sector, especially business, is essential. This is because most of the jobs that provide continuing employment and unsubsidized wages are in the private sector, and also because the private sector can make major contributions to job training.

Third, the involvement of the private sector must occur primarily at the local or metropolitan level, although private sector involvement at the State or national level can be of added value. In this particular respect, we think the Quayle-Kennedy bill probably recognizes this principle to the highest degree. Involvement of the private sector must be a full partnership with government, not just advisory. We do not believe, however, that mandating private participation, by mandating private industry councils, is desirable. The initiative for private leadership must come from the private sector leaders. The private sector must be given the incentives to develop the initial plan and program design. But we believe that these should be ultimately signed off by local and State government authorities. The private sector, through private industry councils, or other successors, must be given the authority and responsibility, within broad legislative guidelines, to manage their programs without crippling reviews and second-guessing by government bureaucracies.

The private and public education systems must also be brought in as partners so that training in schools can be more closely geared to both short- and long-term employment needs and opportunities.

Private sector organizations, working with local governments, can be given the latitude to allocate their efforts and resources among the youth, the disadvantaged, and other groups in accordance with local problems.

There is a continuing oversight role for the Congress, especially to insure that rules and regulations promulgated by administrative agencies of government are not made more complex and restrictive than the legislation requires.

And, finally, programs aimed at permanent employment can only be measured by their long-term results, even though short-term measures of success must necessarily be made in the interim as a guide to improving program efficiency.

Thank you.

[The prepared statement of Mr. Lindsay follows:]

Testimony

of

FRANKLIN A. LINDSAY

Chairman, Research and Policy Committee
Committee for Economic Development

and

Chairman, Executive Committee
Itek Corporation

on

EMPLOYMENT AND TRAINING POLICY

before

Senate Subcommittee on Employment and Productivity

and the

House Subcommittee on Employment Opportunities

March 18, 1982

Mr. Chairman, my name is Franklin A. Lindsay. I am Chairman of the Executive Committee of Itek Corporation and have also served as Chairman of the Corporation for Public/Private Ventures. Today I represent the Committee for Economic Development, whose Research and Policy Committee I chair. CED is a private, nonprofit, research and education organization which enjoys the active participation and support of 200 trustees, most of whom are top corporate or university officers. We work to devise solutions to what we believe are the most serious problems facing the nation and the economy.

Over the past several years, CED has become increasingly concerned over the gradual liquidation of the capital stock of the country, the decline in productivity, continued high levels of unemployment, sustained inflation, and the increasing inability of American business to compete internationally. It is within this contex that CED has approached several policy areas. CED has recommended new ways to stimulate technological progress; encourage capital formation; reform government regulation; and most recently provide for a sound retirement system. We are now undertaking similar studies on energy pricing policy, productivity, and industrial strategy.

Continued investment in human capital is a necessary part of a successful long-term policy to reduce inflation and assure economic growth. If we are to increase our lagging rate of productivity growth and restore the U.S. competitive balance, the nation requires a properly educated and adaptable labor force, geared to the economic and demographic realities of the 1980s and beyond. The Committee for Economic Development is engaged in a series of studies touching various aspects of this complex problem.

To date, its most intensive focus has been in its policy statement on jobs for the hard-to-employ.[1/] We have felt that particular attention needs to be devoted to those who for economic, educational, or other reasons are not able to participate as fully productive members of the economy.

Today, two contemporary forces are particularly affecting what public policy can and should do for the hard-to-employ. One force is the current recession, it has slowed dramatically the total number of new jobs being created. In 1981 there was an actual decline in total employment of nearly one-half million over 1980. Even where such job creation is occurring; it is often of a level and sophistication beyond the reach of the low-income, low-skilled, or undereducated. Second, we are concurrently undergoing a fundamental reappraisal of the relationship of government to society and this reappraisal directly affects the programs and policies that deal with investments in human capital and in efforts to address the needs of the hard-to-employ.

Currently, at least twelve pieces of federal legislation that impact on the educationally and economically disadvantaged expire in either fiscal year 1982 or fiscal year 1983.[2/] Many of these programs are

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[1/] See Committee for Economic Development policy statement, Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership, January, 1978.

[2/] See attached list in Appendix.

undergoing substantial revision or are being reduced in size and scope. Whatever the outcome of the legislative process, we believe that there is a way to continue efforts to address the needs of the hard-to-employ that (1) places a greater reliance on the private sector, (2) reduces, but does not eliminate, the demand for public resources, (3) supports efforts to improve the nation's rate of productivity, and (4) continues to address the needs of the long-term unemployed.

American business represents a tremendous opportunity for the hard-to-employ, not only because it is the basic source of the nation's current and future employment, but because it is among our greatest available training resources. Traditionally, government has used two approaches to encourage business to address the labor market problems of the disadvantaged. The first has been indirect, such as the Targetted Jobs Tax Credit, economic development programs such as the Urban Development Action Grant (UDAG) program, and a variety of tax relief measures on property, income, and payroll expenses adopted by state and local officials designed to encourage business to hire disadvantaged workers. The most recent example of this approach is contained in the proposed enterprise zone legislation which would provide tax credits on both business income and wages paid to low-income employees in selected hard-pressed urban areas and would eliminate certain government regulations on enterprises selecting to invest in an enterprise zone.

The second method of involving business has been direct, primarily through contractual arrangements (on-the-job training, for example) or through direct wage subsidies.

While successful in several respects, the overall business involvement in federal employment and training programs has been mixed, leading in part to the ambivalent attitude currently felt by some policymakers about continuing such efforts, at least in their present form. In our view, this problem stems from a fundamental failure to understand the dynamics of business interaction with the labor market, and an equal failure to understand fully what needs to be done to encourage business to participate more actively. We believe that American business, both large and small, is willing to do its part in bringing jobs and training to the hard-to-employ. The results of our 1978 study, in which we analyzed the efforts of over 80 firms involved in the training of the hard-to-employ, confirm this. But more careful attention needs to be given to the principles of business participation if policymakers are to encourage even greater and more sustained business involvement. This becomes even more urgent if policymakers require business involvement as a condition for federal support of local employment and training programs.

The Principles of Business Participation

There should be clear understanding by all parties concerned -- government, business, labor, and community groups -- that any effective partnership must involve the leaders of the local business community. Business needs to be given the responsibility for carrying out meaningful tasks, and not be constrained by excessively detailed government reviews and approvals. Unless those in the business community are given a real and substantial job to do they simply will not devote the time and resources needed for a successful outcome.

In 1978, CED proposed as part of its policy statement on the hard-to-employ several specific ways in which these prescriptions can be translated into action:

- A major and sustained *personal involvement of the top business leadership*, both nationally and locally.
- Use of local *intermediary organizations* involving business leadership -- such organizations can provide job placement, to reduce the red tape usually connected with federally supported employment and training efforts, and to provide preemployment training and job readiness activities, job search assistance, couseling, and other important back-up services for the hard-to-employ.
- Sufficient *flexibility* to allow for a wide variety of organizational arrangements from city to city adapted to the special needs of each locality.
- *Freedom from highly detailed*, before the fact *approvals* by the Department of Labor.

More recently, CED has completed an analysis of those elements that underlay successful public-private partnerships in local economic development efforts, which are included in the policy statement, *Public-Private Partnership: An Opportunity for Urban Communities*. We have discerned that, in addition to the principles in the 1978 study on the hard-to-employ, successful public-private partnerships require the following:

- A civic culture that fosters a sense of community and encourages citizen participation rooted in practical concern for the community.

- A commonly accepted vision of the community that takes into consideration strengths and weaknesses and involves key groups in a process of identifying what the community goals are and includes a common commitment to meeting those goals.
- Building block civic organizations that blend the self-interests of members with the broader interest of the community, and translate them into effective action.
- A network among the key groups that encourages communication among leaders of important segments and facilitates mediation of differences.
- Leadership and the ability to nurture "civic entrepreneurs," that is, leaders whose knowledge, imagination, and energy are directed toward enterprises that benefit the community.
- Continuity in policy, including the ability to adapt to changing circumstances, that fosters confidence in individual and group enterprises.

We believe these are important principles to bear in mind when reviewing recent attempts to encourage private sector participation in addressing the problems of the labor market disadvantaged.

Institution Building: The Private Industry Councils (PICs)

Established as part of the 1978 amendments to the Comprehensive Employment and Training Act (CETA), the Private Sector Initiative Program was the first major effort to establish an institution at the local level to involve business in addressing the needs of the hard-to-employ. This program required, as a condition for receiving part of their CETA allocation, that local governments serving as prime sponsors establish private sector councils. The function of the councils was to enlist greater involvement of business in the design and delivery of local employment programs.

While we believe it is premature to evaluate the Private Industry Councils, the available evidence suggests that the overall results to date have fallen short of what many had originally hoped for. In a variety of instances, the Councils have clearly made a difference in gearing programs more effectively to the needs of the private sector and in opening up more private sector opportunities for the long-term unemployed. However, many of the PICs do not appear to have broken much new ground in program design and implementation. We recognize that the establishment of any new kind of institution takes time, particularly when it is the first to involve business actively in establishing employment and training policies and programs; yet we believe that many PICs suffer from several problems of design and implementation:

- Mandating the PICs. Currently, the Department of Labor requires that all localities serving as CETA prime sponsors establish private industry councils. As a result, in a substantial number of localities, PICs have often been established primarily to enable local elected officials to conform to the regulation, and have not enlisted the meaningful involvement of the business community. These PICs often do not have the credibility that PICs enjoy in areas where they are created in the context of a genuine public-private partnership.

- Selection of business representatives. The business representatives on the PICs are unilaterally chosen by local elected officials. Although there are a good many cases in which strong business representatives have in fact been selected, the arrangement does not assure that the more effective business leadership is represented. Often local elected officials have chosen individuals who are content to "go along" with the private sponsor's program, and not act truly independently.

- Lack of control over financial and staff resources. While there are some notable exceptions the PICs do not, as a rule, have independent staff and thus are unable to make truly independent judgments on policy and programs. In addition, they do not have, for the most part, direct fiscal control over their financial resources, which has to date been the responsibility of local elected officials. This also undermines the ability of the PICs to make independent decisions.

- Limited involvement. PICs are often perceived by business as having potentially too little impact on the community beyond those activities mandated under Title VII of CETA to justify active business participation. In some cases, businesses do not even know of their existence; and to others, the PICs are viewed as just one of a plethora of boards, councils, committees, commissions, and other employment, education, and training groups at the local level.

- Lack of clear lines of purpose, authority and responsibility. PICs often do not understand their role, how they relate to other organizations, how much authority they have, or to what extent they are accountable. This sometimes results from the failure of public officials to allow PICs to function in the manner originally intended by Congress. Such inconsistency often leads to disillusionment among the participants, and can undermine confidence throughout the community in the PIC and in CETA.

Principles of Effective Business Participation

We believe these conditions can be alleviated to a great degree by adhering to the recommendations in our earlier policy statement. However, the recent experience with the PIC arrangement calls for some further elaboration of those ideas. Specifically, it will be important to focus on fulfilling the following principles.

Involving the Top Business Leadership

As we stated, it is crucial that the top business leadership of the community become involved. This requires a selection process that prevents public officials from choosing only those "business" representatives who will do their own bidding. We recognize the difficulty inherent in defining what that leadership is and the danger in overcomplicating the process. One way this could be done is to ask existing local civic organizations, which meet certain requirements or are willing to adjust to such requirements, to submit separate proposals for the organization and operation of the private sector program financed in whole or in part by the government. Another is to limit the local elected officials to appointing members only from among candidates proposed by leading business, civic, trade, or general purpose organizations, and to require that these individuals be either chief executive officers of major firms, chief operating officers of subsidiaries or local operating divisions of a major firm, or the owner of a bona fide small business or medium size business.

Once selected, it is equally important that business continue its commitment. One possible approach is to prohibit proxy voting and to require that those selected be physically present to record their votes on policy and program decisions. Another is for business to support financially the operation of the programs, either through contributions or other suitable arrangements. For example, we believe there would be a distinct advantage for business to pay the salaries of core staff. This would assure that those personnel who would be responsible for developing policy and long-term strategic planning would be responsive to the business leadership that hired them, and not to a public institution. However, the bulk of the operational funds must come from the government because the needs will almost always be greater than the resources available from the private sector.

A Stronger Business Role and Greater Institutional Independence and Flexibility

Although we recognize the need for broad community representation, we believe that any organization that purports to represent business should be primarily made up of business representatives of the sort we describe above. In addition, business needs a greater degree of independence from existing governmental institutions. In order to be an effective "partner", business should have sufficient staff and financial resources to make independent judgments on policy design and implementation. We believe that any such organization should also have the ability to determine what role business is willing and able to play in planning and carrying out the program, and we do not believe this role should be prescribed in federal statutes or departmental regulations. Such decisions should be part of a joint agreement worked out with the appropriate public officials, and should include (1) mutually agreed upon goals for the program, (2) performance standards, (3) policies governing program operation, and (4) a clear delineation of authority and accountability for the expenditure of public funds, such agreements must of course conform to the intent and purpose of the federal statute.

Freedom From Unecessary Government Regulation

In this respect, we urge that the federal guidelines avoid unilaterally establishing detailed, inflexible, before-the-fact operational or performance standards, which we feel would discourage business participation. Instead, federal requirements should be sufficiently broad to allow local public officials and business leaders to adjust their methods of operation to approved and established local governmental and business practices.

Finally, we believe there should be no major commitment of public funds, outside of those required to set the above process in motion, until an agreement has been reached on these matters between the public officials and the business organization. This will require a period of transition in which the current operations should be allowed to continue until these arrangements are worked out. If such an agreement cannot be made, we believe the governor or the Secretary of Labor, as the case may be, should determine the nature and scope of the program to be operated in the locality, if any.

Clear Lines of Accountability and Responsibility

It is especially important that clear lines of accountability and responsibility be established for both the public and private partners, and that "reporting" requirements be minimized. At the very least, regulations should be sufficiently flexible to permit the PICs to use external, nongovernmental post-audits by certified public accounting firms in accordance with current business practices. Any necessary audits should be post-audits and should be limited to review of the CPA audits. In addition, we believe that "reporting" requirements should be either semi-annual or annual to minimize the burden that more frequent reports have had on staff resources and program operation. Also, we believe that some arrangement, either through liability insurance or language that clearly defines the limits of personal liability for board members should be included. Private board members should be held responsible for malfeasance but must be protected from personal liability for alleged errors in judgment.

Continuity and Predictability

Once agreed on and approved by local leaders and private groups the local private program should be allowed to operate independently of further federal government interference. One of the great impediments to sustained business and even local public involvement is the federal government's penchant for continually changing the rules. Once in place and once agreed upon, such rules and regulations should be altered only by mutual consent of both the local public officials and the private sector institution. In addition, we urge that program funding be more timely than in the past to allow business to have sufficient time to plan and allocate resources. The same principle should apply if the governor assumes the federal responsibilities in this area.

Other Issues of Concern

In addition to the principles we have enumerated above, we believe there are other important issues that should be considered if the environment for a true public-private partnership is to be established and maintained.

Federal v. State v. Local Role

In our recently released study on public-private partnerships, we discerned that the more successful of these ventures tend to develop at the local level. This is not to say that such partnerships do not or cannot occur at the state level; indeed they do, as the case of Delaware's "Jobs for Graduates" program has shown. But by and large, business involvement takes place primarily in those communities where they do business, and in those labor markets where their employees live. We found that the sense of "community" was an important factor in stimulating active business participation in community projects.

Accordingly, we feel that communities of significant size should have the opportunity to work out a joint plan with the local business community without interference by other governmental institutions. While we recognize that defining exactly what is "significant" is at best an arbitrary exercise, we believe areas that cover a clearly recognizable labor market should have the opportunity to participate, no matter what their actual "size."

Targetting the Resources

We agree that employment and training policy should continue to be targetted on the hard-to-employ, and that efforts to address the needs of the dislocated workers and critical skill shortages are more properly the subject of a separate approach. In this respect, we believe that the hard-to-employ are, indeed, hard-to-employ irrespective of age. Some of our most intractable problems involve older workers. We also recognize the great need to address the problems of youth. Youth not only constitute our most important investment in the future, but the failure of young people to compete successfully in the labor market incurs numerous other social costs, such as a high incidence of crime. But we would urge policymakers not to hamstring the ability of localities to determine what they perceive to be their most important need. If a specific "set-aside" for youth is adopted, we urge that it be coupled with a provision to enable localities to allocate resources to other areas should local conditions warrant.

Involvement of the Education Community

It is the problem of youth that leads us to the conclusion that unless the education community is an active participant in efforts to address the hard-to-employ there is little chance that any employment and training policy, even with the full involvement of business, can do much to address the most serious impediment to entry-level employment -- lack of education. Recent studies indicate that an alarming number of Americans -- including a high percentage of high school graduates --

are entering the world of work functionally illiterate. A recent survey by The Conference Board indicates that 37 percent of the firms surveyed are having to engage in some form of remedial education for their existing employees, particularly their new entrants.

Traditionally education and employment and training policies have been separate. We feel these policies should be integrated at all levels of government -- federal, state and local. It would be a step backward if current changes in employment and training policies are not accompanied by equal efforts to integrate education policy with them. We believe business can and should become more involved in integrating these efforts at the local level. The private-sector institutions that may become involved in local employment and training policy should serve as a catalyst. But without the involvement of education leaders at all levels of government these efforts can only have a minimal impact.

Business Participation at All Levels

We believe it would be useful, particularly in the area of establishing program goals and performance, if private sector institutions similar to those we recommend at the local level were to be established at the federal and state levels to advise the responsible federal and state agencies on all matters related to education and employment and training policy.

Improved Information Exchange

There exists an immense variety of labor market data which can be useful in local planning of employment and training policies. Currently, however, there is little coordination of this data. Existing data collection and dissemination is fragmented among numerous governmental and private institutions. Sound policy judgments by local officials and business leaders would be facilitated by a better coordination of these sources by labor market data. We would support policies at the national level that would encourage such local coordination.

In Conclusion

None of these recommendations will have much significance if there is not sustained effective leadership, both public and private. CED has long encouraged business to take a more active role in employment and training policy. We realize it is often difficult to recognize or measure the return from such involvement. But we feel that the need is compelling and the evidence convincing that such involvement has a very positive effect not only on the competitive position of a corporation but on the general well-being of the community on which the corporation depends for its support. We believe that the recommendations we have proposed could go a long way to assuring local business leaders that there is indeed a worthwhile end result for their participation.

Finally, CED recognizes that any efforts to address the needs of the long-term unemployed cannot succeed unless accompanied by a national policy to reduce inflation and produce more stable economic growth. Such a policy, we believe, requires a balanced mix between monetary and fiscal policy of a kind that encourages increasing productivity, investment in plant and equipment, technological innovation, and human capital. Clearly, poor economic conditions discourage active business participation in employment and training programs. And even if the national economic picture should brighten, businessmen in communities which continue to suffer poor economic performance are less likely to participate in those programs. However, both public and private leaders must recognize that one of the keys to resolving our current economic dilemma is a commitment to serving the needs of the disadvantaged. We believe that the recommendations we have outlined will help achieve that end.

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ATTACHMENT 1

REAUTHORIZATION SCHEDULE FOR LAWS RELATING TO EMPLOYMENT AND TRAINING

Law			Dept./Agency
Comprehensive Employment and Training Act		Senate Labor and Human Resources	Labor (ETA)
. Titles I,II,III,V,VI VII, AND VIII	Sept. 30, 1982		
. Title IV (Youth)	June 5, 1981		
Targeted Jobs Tax Credit	Dec. 31, 1981	Senate Finance, House Ways and Means	Labor/Treasury
HIH Tax Credit	NONE	Senate Finance, House Ways and Means	Labor/Treasury
Economic Opportunity and Community Services Act	Sept. 30, 1981	Senate Labor and Human Resources House Education and Labor	Community Services Administration
+ Vocational Education Act	Sept. 30, 1982	Senate Labor and Human Resources House Education and Labor	Education
+ Career Education Incentive Act	Sept. 30, 1983	Senate Labor and Human Resources House Education and Labor	Education
+ Elementary & Secondary Education Act	Sept. 30, 1983	Senate Labor and Human Resources House Education and Labor	Education
+ Higher Education Act	Sept. 30, 1981	Senate Labor and Human Resources House Education and Labor	Education
+ Adult Education Act	Sept. 30, 1983	Senate Labor and Human Resources House Education and Labor	Education

+ These laws are forward funded and are usually reauthorized one year in advance. The General Education Provisions Act provided for an automatic one-year extension of education bills in the event reauthorization is not completed in time to assure continuity of funding. The Higher Education Act of 1900 extends this to two years and authorizes appropriations to be available on a fiscal rather than calendar year basis.

ATTACHMENT 2

DISPLACED EMPLOYEE PROTECTION LEGISLATION

Interstate Commerce Act of 1887, and Amendments of Rail Passenger Service Act (Amtrak) of 1976

Railroad Unemployment Insurance Act of 1939

Federal Communications Act Amendments of 1934

Urban Mass Transportation Act of 1964

Public Works and Economic Development Act of 1965

High Speed Ground Transportation Act of 1965

Demonstration Cities Act of 1966

Rail Passenger Service Act of 1970

Regional Railroad Reorganization Act (Conrail) of 1973

Federal Aid Highway Act of 1973

Trade Act of 1974

Disaster Relief Act of 1974

Juvenile Justice and Delinquency Prevention Act of 1974

Developmental Disabilities Services and Facilities Construction Act of 1975

Special Health Revenue Sharing Act of 1975

Comprehensive Employment and Training Act of 1978

Airline Deregulation Act of 1978

Amendments to Redwoods National Park Act of 1978

Milwaukee Railroad Restructuring Act of 1979

Health Planning and Resources Development Amendments of 1979

Rock Island Railroad Transition and Employee Assistance Act of 1980

Rail Act of 1980

Senator QUAYLE. Thank you, Mr. Lindsay. Mr. Hand?

Mr. HAND. Thank you, Mr. Chairman, members of the committee. I am Lloyd Hand, senior vice-president of TRW. I am here today to represent the Business Roundtable who, through its membership over the past year, has been examining extensively the current employment and training policies and institutions and programs within both the public and the private sector to determine their adequacy to meet the Nation's economic and social challenges as they are perceived within the Roundtable membership over the next two decades.

As many of the other business organizations before you, we, too, have consulted widely both within and outside the Business Roundtable membership. The statement which I have submitted, and which I appreciate the opportunity of submitting this morning, is a consensus concerning the principles we think should be embodied in any new framework for employment and training policies in the coming decade.

Central to those principles, and underlying them, is a strong belief that a growing competitive U.S. economy is vital if we are to address successfully the many challenges the Nation faces, including providing much-needed jobs. And improvements in the skills of the American work force are as critical to the economy and its growth as are improvements in plant and equipment and technology.

But many parts of the training policies, institutions and programs of both the public and the private sectors are too limited and inadequate to address the Nation's training needs. Neither existing public or private sector employment and training policies, institutions and programs are adequately prepared to confront, for example, basic demographic and structural shifts that we now see occurring and that likely will continue in the United States over the next two decades.

Specifically, we know that 20 percent of American adults are functionally illiterate, unable to read or write—complete a job application form, count, or make change. And yet the Nation has no policy or program for dealing with this major structural barrier to economic renewal.

Over 90 percent of what will be the Nation's work force at the turn of the century, and 75 percent of the work force at the beginning of the 1990's, are currently adults and, for the most part, in the work force.

So the principal task at hand is the task of improving the quality of the existing work force.

At least 10 million, and more likely 15 million, workers—manufacturing workers—will be dislocated and displaced in this next decade, as well as an undetermined number of persons now in the service industries. Most of these workers will be able to secure new jobs only after retraining or relocation, or possibly both. Yet at present the Nation's displaced worker efforts consist of some 22 programs that are fragmented, that in many instances overlap and duplicate their objectives—yet serve only a small fraction of the overall needs of the work force.

There is a large and growing shortage of sufficiently skilled workers in key technological occupations and professions, and these shortages threaten to create severe and inflationary bottlenecks to both military and non-military production.

While the Roundtable believes that the entire work force must be addressed in order to create the training and employment policies institutions and programs of the future, it is important to look at that part, and a vital part, which is being addressed by the hearings this week—that is the requirement for remedial training.

We believe the legislation now under consideration should primarily focus on training for the culturally and economically disadvantaged.

Thank you.

[The prepared statement of Mr. Hand follows:]

Testimony of

LLOYD N. HAND

Senior Vice President
and
Assistant to the Chairman of the Board of TRW

Before the

Joint Hearings on Employment and Training Policy

Ninety-Seventh Congress

March 18, 1982

Washington, D.C.

Mr. Chairman:

I am Lloyd Hand, Senior Vice President and Assistant to the Chairman of the Board of TRW. I appear this morning on behalf of Dr. Ruben Mettler, Chairman of TRW and Chairman of the Business Roundtable's Task Force on Employment Policy. During the past several months, the Employment Task Force of the Business Roundtable has been studying the issue of employment and training. As a consequence of our analysis and consultation with many member companies, business organizations, professional associations and representatives of the Executive and Legislative Branches of the federal, state and local governments, a statement has been prepared which describes a new direction for employment and training policy for both the public and private sectors. These recommendations were accepted by the Policy Committee of the Business Roundtable on March 2nd as the basis of my testimony this morning. With your permission, I submit this Business Roundtable statement "Employment and Training Policy" for your consideration and for the record of these hearings.

In a moment, I will discuss our recommendations on the specific legislation you are considering, but I believe it may be useful first to speak briefly about a broader framework into which this legislation may fit.

In summary, the policy recommendations contained in this statement are predicated on the premise that a growing, competitive U.S. economy is central to addressing successfully the many challenges the nation now faces -- including providing needed jobs. In the debate over how to create this economic growth and strengthen the competitiveness of American industry, one critical means of restoring productivity growth is often overlooked -- namely, improving the quality of the performance of the American work force. Yet, investment in American workers is as crucial to economic renewal as investment in improved plant, equipment and technologies.

Key demographic and qualitative shifts in the American labor force will have a decisive impact on long term efforts to strengthen the economy. Specifically,

- Twenty percent of America's adults are functionally illiterate, unable to read a job notice, fill out a job application or make change. Yet the nation has no policy or program for dealing with this major barrier to effective utilization of the nation's human resources.
- Over 75 percent of today's workers will still be in the labor force at the turn of the century; thus, the nation's success in strengthening the economy will depend heavily on its success in training, retraining and upgrading the existing work force. Yet the nation has limited public or private sector institutions or programs to upgrade the skills of the existing work force.
- In this and the next decade, the economy will continue its shift out of manufacturing and into service-based employment. At least 10 million -- and more likely 15 million -- manufacturing workers will be displaced from their jobs, but will continue to need employment that can be obtained only after retraining and/or relocating.
- There is a large and growing shortage of sufficiently skilled workers in key technological occupations and professions. These shortages will create severe and inflationary bottlenecks to both military and non-military production.

Both America's public and private sector employment and training policies, programs and institutions are inadequately prepared to support the renewal of the economy. Specifically, basic data which identifies jobs, and available workers is incomplete, fragmented and non-comparable; four federally sponsored employment and training systems operate independently of each other; publicly sponsored training programs currently involve less than 1 in 12 workers; the existing efforts to assist displaced workers are very limited and are currently divided into 22 distinct programs; and participation of the nation's employers in the design and conduct of public sector employment and training policies is very limited.

Clearly, the present employment policies, programs and institutions of both the public and private sector require reform. What is required is an approach to employment and training policy that can effectively bring together the private sector, the training efforts of the individual levels of government and existing and prospective workers. Moreover, this approach must be structured to insure that each of the participants perform those parts of the overall effort they are best equipped to perform.

Reform of present public and private sector employment and training policies, institutions and programs in one fell swoop is unlikely -- too many participants and institutions are involved. Rather, such reform must come in phases as needs are perceived and circumstances permit. Thus, to insure that these parts eventually fit into an ordered whole, a framework for action is required.

Accordingly, the attached statement by the Business Roundtable recommends as a framework for such action that:

1. The entire work force be the scope of both America's public and private sector employment and training policies during the years ahead.

2. Public and private sector employment objectives explicitly address the nation's
    a. Remedial training and assistance needs;
    b. Entry level training needs;
    c. Upgrading and retraining needs;
    d. Displaced worker needs;
    e. Critical skills shortage needs;
3. The responsibilities for meeting these needs should reside primarily with the private sector since the private sector operates the nation's largest training system -- its own. Public sector employment and training policies should stimulate and augment private sector training activities.

The legislation being considered at this hearing addresses a vital part of the larger problem of the nation's employment and training needs. To insure that this legislation both meets remedial education and training needs and simultaneously does not preclude future actions on other employment and training needs, the following recommendations are offered:

1. The primary focus of this legislation should be on culturally and economically disadvantaged youth, but with latitude to use a small portion of the funds to address other specific locally determined needs such as those for older workers;
2. Active private sector participation should be facilitated by creating a revitalized PIC system which has the authority to decide:
    a. how funds will be spent;
    b. the local administering agency;
    c. the mix of training activities;
    d. contracting organizations;

3. The PICs should have the authority to hire their own staffs.
4. Bureaucratic redtape should be reduced through federal oversight; consolidation of programs into grants-to-state that facilitate state government participation and a consolidation of the service boundaries of existing PICs within labor market areas;
5. Performance standards are required that insure effective use of funds but that also permit flexibility to tailor programs to meet the specific needs in specific places.

Finally, it is recommended that the issues of critical skills shortages and displaced workers be addressed later in separate legislation. These issues are of an importance and magnitude equal to those associated with meeting the nation's remedial education and training needs. For the 1980s and beyond, the nation will need public and private sector policies, institutions and programs to address these needs.

Summary

In summary, for the 1980s and beyond, building the skills of our nation's work force must become a major item on the national economic agenda. Our success in this task will largely determine our ability to restore national economic growth, provide worldwide competitiveness and address our social needs.

The legislation now under consideration can make a vital contribution to that overall effort by stimulating private sector participation in efforts that address the nation's remedial training needs.

I hope these thoughts and the attached Business Roundtable statement are helpful to you in your deliberations.

Thank you.

Senator **Quayle**. All of the testimony that you have submitted will be incorporated in full into the record—and I realize that you didn't have time to get it all in, but it will appear in the record and we will certainly have your thoughts and ideas as we proceed along.

I have three questions that necessitate fairly quick answers from each of you, so I will ask you to be as concise as possible.

Each one of you discussed partnership, talked about flexibility, talked about working together, the private and public sector. In that spirit, do you believe that it is somewhat important that the legislation that proceeds through the Congress be bipartisan in nature?

Mr. Schubert?

Mr. **Schubert**. I think it makes eminent good sense to get a consensus from both parties and from business and labor, and from government. Absolutely.

Senator **Quayle**. Thank you. Mr. Campbell?

Mr. **Campbell**. Yes, sir, we believe that.

Senator **Quayle**. Mr. Driesbach?

Mr. **Driesbach**. Yes.

Senator **Quayle**. Mr. Lindsay?

Mr. **Lindsay**. Yes.

Senator **Quayle**. Mr. Hand?

Mr. **Hand**. Yes.

Senator **Quayle**. Second question. In the spirit of flexibility, which again I believe each one of you mentioned in your testimony—one of the issues that we will be debating as this legislation goes through is the issue of stipends and allowances.

Do you believe that there should be an absolute prohibition on any form of support payments to trainees? Do you believe that that prohibition, which perhaps will be advanced, is consistent with the theme of flexibility, or do you believe that there should be some inherent flexibility when we get around to this issue of stipends and allowances?

Mr. Schubert?

Mr. **Schubert**. I believe that there should be minimization, Senator, of stipends and allowances, that given the scarce resources, we need to make maximum use of same, and the way to do that is through training programs. I am not sure that it is necessary to have an absolute preclusion, but I am very apprehensive that if there is much of a door left open, the money will end up in stipends and allowances and not in training.

And so, if there is going to be allowances, they have got to be very narrowly drawn.

Senator **Quayle**. Mr. Campbell?

Mr. **Campbell**. We do not believe there should be stipends included in this bill, Senator. We look at this bill as an employment bill and not a bill to provide for transfer payments, so we do not believe that stipends should be included.

We do, however, agree that there are certain funds that should be available for support services to enable the people to avail themselves of the opportunity.

Senator **Quayle**. Now, you are talking about support payments for trainees.

Mr. **Campbell**. Well, I'm thinking now, sir——

Senator **Quayle**. That is a fairly large category, depending on how you define "support payments," so, again, I guess my question would be: no, you don't want, Mr. Schubert says, to open the door to stipends, you don't want them to become another income maintenance program, which I don't either—but is there a small window of opportunity in the area of support payments or allowances that we should provide or should have the option to provide at the local level for these trainees?

Mr. **Campbell**. Yes, sir. The chamber feels that such things as transportation and perhaps day care services for children, things like those, which we consider and which we define as support services, perhaps would be an absolute necessity for the targeted people that we are talking about to be able to avail themselves of this service.

Senator **Quayle**. What about a person, say, that is working in the private sector on a job up to 6 weeks, what about support payments, payments to that individual working on that job?

Mr. **Campbell**. On-the-job training?

Senator **Quayle**. On-the-job training.

Mr. **Campbell**. We think that that perhaps could be a part of the overall program, and we think the flexibility of the bill should include the ability to provide—I suppose you are thinking of one-half of a salary, or whatever.

Senator **Quayle**. Something like that. In other words, some support allowance for that individual while they are receiving on-the-job training.

Mr. **Campbell**. Yes, sir.

Senator **Quayle**. Mr. Driesbach?

Mr. **Driesbach**. It is the official position of the NAM that there be no stipend. However, I would make an observation to you as a chairman of a private industrial council, as someone who has worked in the field for the last 2½ years—I personally—now, this is my personal position—do we understand that, the record will show that?

Senator **Quayle**. OK. [Laughter.]

Mr. **Driesbach**. Not the official position of NAM.

Senator **Quayle**. We like these personal comments. Go ahead.

Mr. **Driesbach**. It does work sometimes, and there probably should be a little window left open, and as long as you can devise a way of controlling it so that it is not abused, that is my personal observation.

Senator **Quayle**. I think your personal observation is very well taken, and I would imagine that a number of members that I know of NAM might also support that. [Laughter]

Mr. Lindsay?

Mr. **Lindsay**. We have taken the position that there ought to be a high degree of flexibility, primarily at the local level, and as long as this is a part of a program that is well thought out at the local level, we would agree.

Senator **Quayle**. OK, Mr. Hand?

Mr. **Hand**. The Business Roundtable hasn't taken an official position on stipends, Mr. Chairman. We would not refuse to support the legislation that included it, but we do feel that there ought to be careful attention paid to directing the quantity of dollars that are appropriated to training purposes. When one considers the fact that not any of the legislation that has currently been introduced purports to address the entire training needs, a priority on training probably will more likely insure the program's success.

Senator QUAYLE. I am not going to have time to get you to respond to my third question; I am going to tell you what it is and hope that you will work with us.

My third question is for you to give to us in writing, and work with our staff between now and some time next week, some of the amendments that you would like to see on the bipartisan bill, on S. 2036, the Quayle-Kennedy-Hawkins-Pell-Hatch-et cetera, on what you feel we need to change to accommodate some of the business concerns.

I was going to ask you to respond to that today, but I think it would be perhaps better if we can work together to see what kind of adjustments you would like to see in that piece of legislation to meet the concerns that you have articulated here today.

Mr. Hawkins?

Representative HAWKINS. Well, let me first of all rephrase a question and ask for as a quick response. Are you more interested in a bipartisan bill or a nonpartisan bill that addresses the needs of the country? [Laughter.]

Mr. SCHUBERT. Mr. Chairman, I am not sure that that question isn't like: Have you stopped beating your wife? I think we are clearly interested in a vehicle that addresses the needs of the country. I think all of us are unanimous about that feeling.

Representative HAWKINS. That's satisfactory.

Mr. CAMPBELL. The chamber feels that this should be an employment bill, bipartisan or no partisan, whatever, but an employment bill primarily, that addresses the needs of a specific part of our population.

Representative HAWKINS. I am very pleased with most of the statements. They seem to conform, I think, very closely with what the House bill, which I authored, incorporates; the bottom line may be different—that is a little confusing, to say the least. We have in our possession about 30 or 40 letters from Private Industry Councils around the country endorsing the approach in the bill that I introduced, so there seems to be quite a difference in the views presented this morning. We have letters endorsing the partnership approach incorporated in H.R. 5320—from Tacoma, Wash.; from Los Angeles, Calif.; from Youngstown, Ohio; and from Lansing, Mich., just to give you a rough cross section. We have heard before both the House committee and in joint House-Senate sessions, endorsements from the PIC's in Boston; New York City; Bangor, Maine; as well as from Florida and Kentucky.

Isn't it a little surprising that these local PIC's, who are actually on the firing line, would endorse that concept which gives equal control at the local level to the PIC's, and yet the testimony this morning seems to be in conflict with it?

Mr. Schubert, do you want to explain the difference?

Mr. SCHUBERT. If I might try to respond, sir, I think it is somewhat human nature that we all like to see a system that we understand and have worked with perpetuated. It is understandable therefore that you have received, letters primarily from PIC staff personnel, who would like to see the system in place continue and their own security thereby supported.

I think, however, Mr. Chairman, and you have been involved——

Reprensetative HAWKINS. Mr. Schubert, may I correct one thing you said.

Mr. SCHUBERT. May I just finish the comment?

Representative HAWKINS. Well, let me correct one mistake: You said something about staff. These letters are from the chairmen of the PIC's. I just wanted you to have that information.

Mr. SCHUBERT. Having related to a PIC, I realize many times letters are prepared by the staff.

Representative HAWKINS. These are official letters from the chief elected officers of the PIC itself.

Mr. SCHUBERT. Mr. Chairman, substantively what I think is very important is that the years have taught us a great deal, and that is that in the PIC's that have been most successful—they have been PIC's that have been significantly supported, aided, in fact directed by the business community. We want to strengthen the PIC system. We believe that the experience is absolutely clear that if we can provide the business community at the State level and the local level a greater authority and greater input, a greater partnership, we will see this system succeed.

Representative HAWKINS. Well, let me ask you this. What more control can you give to the PIC than giving it equal control at the local level with the local governing body, making them a full partnership in which they together must design and plan the programs. They would have control over the funds that are given to them at the local level. What more control can you give to them than making them a coequal partner?

Mr. SCHUBERT. We are concerned that the concurrent approach will really lead to adversarial relationship, and, indeed, we have seen that in many prime sponsor private sector relationships around the country.

If the business leadership does not step up, as some people suggested it will not in every single area of the country, the void will be filled by the local elected government officials. Once again the experience is very clear that where the business sector has predominated in the program planning and operation of the PIC, the results have been very satisfactory and far superior to the other relationship.

Representative HAWKINS. Well, that is precisely what we are talking about. What more control could you have than making them completely coequal at the local level rather than subordinate either to the Governor or to the local governing bodies?

Mr. SCHUBERT. We recognize the reality that has existed in many PIC's around the country, and that is that the prime sponsor has dominated. We don't think that that is——

Representative HAWKINS. Well, we are changing that. In a new proposal, we propose to change it; we are not talking about the existing system, we are talking about what we propose to change.

Mr. SCHUBERT. We are very concerned, based on practical experience with operating boards of one type or another, that the buck has got to stop somewhere, and we are suggesting that it stop with the private sector as opposed to predominance by the prime sponsor, and if they are genuinely, truly equal, we are afraid that a stalemate will evolve as a consequence.

Representative **Hawkins**. Well, do you propose to ignore the State legislature and the local governing bodies?

Mr. **Schubert**. I think that the system that puts the oversight at the gubernatorial level, at the State level, with full partnership there between business and government and full partnership at the local level is——

Representative **Hawkins**. Well, would you answer directly and clearly so we will have the answer? Do you propose, as the President's proposal does, not to include the State legislature and not to include the local governing body in the mechanism? Do you think this is desirable?

Mr. **Schubert**. Well, first of all, as far as the State, we believe that the residuum should be with the Governor; with regard to the local units, the local officials have a very clear, very important, role under the administration's proposal as in the Quayle-Kennedy bill.

Representative **Hawkins**. It has no role whatsoever, Mr. Schubert, and I think you are mistaken in suggesting that they have nothing more than membership on a local council. This is far different from a local governing body, which has control of the schools, the welfare, the infrastructure of the city and what not, being directly involved in helping business to develop local plans.

Mr. **Schubert**. They are fully, integrally related and involved in those local units.

Representative **Hawkins**. Well, if you think that, I can understand why you endorse the President's proposal.

Senator **Quayle**. Mr. Weiss?

Representative **Weiss**. Thank you very much, Mr. Chairman. And I should say at the outset that, knowing my own frustration at the limitations which the process imposes upon us—and I am not criticizing you, that's the way it is—I can understand your frustrations. Look at the time limitations that we have set—and I hope that some time in the very near future, we have the opportunity to really take advantage of the contributions that you can make to this whole process, because I don't think that we are really taking fullest advantage of what you have to offer.

I am not sure, in the course of the testimony that I listened to rapidly, that I got all of it—but I think that there was some indication by Mr. Hand in your testimony that you are not really all that sold on this whole mandatory PIC idea, and I wonder if you could expand on that just a little bit as to why.

Mr. **Hand**. Actually, in my remarks——

Representative **Weiss**. I'm sorry, it was Mr. Lindsay.

Mr. **Lindsay**. Yes, I think that mandating PIC's runs the risk that some of them will simply be established as a legislative requirement, and won't be completely effective.

Representative **Weiss**. What would you suggest instead?

Mr. **Lindsay**. We suggest that it should be accomplished with incentives. The PIC's or whatever follows will be most successful if they are led by what we would call entrepreneurial people working in the public interest. This requires that the best leadership is enlisted. In the present system, PIC members are appointed. We believe the record has shown, that in some cases they are not very effective. We believe the community will respond, the business community and the whole private sector will respond in most cases. We think that by mandating it, you get the window dressing but not the substance in many cases.

Representative **Weiss**. Would that presuppose, then, that in order to have a comprehensive, that is, nationwide, program, and recognizing that in some areas you would not have PIC's self-generating, that you would have to have government in essence take the leadership role or the planning and implementation role?

I assume you would want something or somebody doing the work.

Mr. **Lindsay**. If the private sector doesn't come forward in an effective way, it seems to me that that is the inevitable conclusion.

Representative **Weiss**. Right. And, Mr. Hand, in your testimony, I was impressed by the fact that you are really talking about a much broader issue than that which is facing us.

Mr. **Hand**. In the long term.

Representative **Weiss**. Well, in the long term, right; and yet I must say, looking at where we are and being aware of some of the statements that the Roundtable and others of the large business groups have taken over the course of the last few weeks and months, it seems to me that this is part of the long range also.

And I wonder whether in fact, looking at it in the current context and in the overall context, if you believe that the scope of the program which is being proposed has any realistic chance of succeeding in dealing with the vastness of the problem that we are confronting. With a 9-percent, almost, official rate of unemployment, are we really dealing with the problem?

Mr. **Hand**. Yes, I think the reason that the Roundtable favors among the legislative proposals that which the administration has brought forward is because it is a cleaner bill that focuses more sharply on what we consider to be the greatest need, that is for remedial training.

And, yes, we do think, even though we are talking about 5 to 7 million people in need of that training, and although the resources made available will most likely deal with only between 750 and 800 thousand—we think that the basic legislation is sound and embraces the correct principles, and over the long term this legislation can make a difference.

Representative **Weiss**. All right, the final question, because the yellow light is on.

I am somewhat disturbed by the approach that Mr. Schubert has taken, because it seems to me that we are running the risk of removing accountability in dealing with public moneys, when in fact you turn that decisionmaking authority over to private sector people, all of whom we hope are brave, and good, and honest, and so on, but it is still public moneys that we are talking about and playing with, and doesn't that really pose a concern to you? To all of you.

Mr. **Hand**. I can't speak for the others, but I believe it's a fair representation of the Roundtable position. It would stop short of asking for an absolute control on the part of the private sector. Such control would imply with a financial accountability with public funds that I fear is somewhat doubtful in the real world. On the other hand, I do very much share the belief that there must be an active, and important, and expanded role for the private sector, in the Private Industry Councils and in the council at the State level.

Representative WEISS. My time is up. Thank you, Mr. Chairman.

Senator QUAYLE. Thank you. Senator Hawkins?

Senator HAWKINS. I'm happy to welcome you gentlemen here. We held hearings all around the country and extensive hearings in Washington, D.C., and, as you know, in Florida. The hearings were very illuminating to me and exposed so many abuses and also problems that we had with CETA, but it also gave me great insight into how we could solve some of these many problems. And the sad fact today is that I think we in Congress have largely ignored the very business community that we are supposed to be training people to enter.

Sylvan Meyer of the Miami Dade County Private Industry Council pointed out that the Federal Government spends billions of dollars to train people for unsubsidized jobs in the private sector but not one program funded with this money gets major input from the potential employer. That makes about as much sense as prescribing medicine without seeking a diagnosis to find out what the illness is.

I am happy that we are now starting this dialog and have questions for U.S. business leaders.

In the past the methods for encouraging private employers to hire the disadvantaged have focused on incentives such as wage subsidies, tax credits, et cetera. We have heard some testimony that these methods have not always been successful, especially with small businesses.

Do you feel that involving the private sector businessman and small businessman in the planning and development of employment programs will instill in them a sense of ownership and control over the program and overcome their initial reluctance to get involved in, quote, Federal, unquote, programs?

Mr. SCHUBERT. I'll start out. We believe that a full partnership of the type that you described, Senator, will result in increased, significantly increased, business participation. In fact, we believe that the history of title VII of CETA, which involved business-community involvement in a predecessor program, clearly demonstrates that level of involvement and real accountability.

Mr. LINDSAY. Senator, we have found in the CED studies over the last 4 years that small business in the private sector is very good on the whole in training; they shy away from getting involved with Government officials and with red tape. In Chicago, for example, an intermediary organization was set up and was extremely successful in saying to the small business leaders—proprietors many of them—if you will train this individual, we will take care of the paperwork. That has been the principal obstacle, and I certainly feel that a very large part of the employment opportunities can come from small businesses.

Mr. **Driesbach**. Along those lines, 10 years ago we started out as a small business—we still think we are a small business—and in dealing with contemporaries in the business community and working for the private industrial council, I have found that one thing that the private industrial council was able to do was by one businessman going to another businessman and talking to him and knowing him, you could get his cooperation. I feel that is one of the functions of a private industrial council, to get the shops from, say, 25 people to 100 people to try to participate in this thing. Most of the entry-level jobs come out of the shops anyway, and I felt that that was how we were getting some small business people to get involved.

But it's hard. They suspect you when you first go there. But I believe the private industrial council helps to overcome that problem.

Mr. **Campbell**. The chamber's position, Senator—we think that the small business will participate, especially with the structure of the administration's bill. We feel it's mandatory if the program is going to work, in fact, for the whole country that we get involvement from small business. Small business now is having a problem in surviving. Fortunately, this bill will be a couple of years before it will actually be in place and will be working. I don't think that we can look at unemployment today and say that any of the bills address the unemployment. We are addressing only a very small portion of the unemployables. We feel that small private business, however you define small business, will become involved.

Senator **Hawkins**. Thank you, gentlemen.

Senator **Quayle**. Thank you, Senator Hawkins. Now I take pleasure in turning to the chairman of our committee, the Labor and Human Resources Committee. Mr. Chairman, we certainly welcome you to these hearings. A lot has been discussed in these last 3½ days, and the one word that keeps coming to the top is the word "partnership," and we are talking about partnership between the public and the private sector, and I just want to publicly thank you for your partnership which you have displayed to me and to others in working for a training bill, training legislation. You have been out front for a long time advocating the necessity to train, and particularly training for young people in Job Corps.

And so at this time it is my pleasure to turn it over to Chairman Hatch.

Senator **Hatch**. I am happy to welcome all of you here. I am personally very pleased with the efforts that have been made on this new jobs bill by the administration and, of course, by our two committees in the House and in the Senate, particularly the work of Senators Quayle and Kennedy and Congressmen Hawkins, Jeffords, Weiss, and others.

That is all I care to say. I appreciate the testimony that you people have brought to this body today.

[Sentor Hatch's prepared statement follows:]

Prepared Statement of Senator Hatch

Mr. Chairman, I am pleased to be here this morning to register my excitement over the prospect of new training legislation. Regretfully, I was unable to attend the first three sessions, but in no way does this reflect a lack of interest or commitment to achieving workable legislation to replace CETA at the conclusion of this fiscal year.

I would like to commend Senator Quayle for his leadership of our Employment and Productivity Subcommittee and Congressman Gus Hawkins for his willingness to join us for these hearings. I believe these proceedings will provide a remarkable record of opinion and data concerning the accomplishments of CETA and the requirements for new legislation.

As the committee knows, I have joined Senator Quayle as a cosponsor of both S. 2184, the administration's proposal, and S. 2036, which Senator Quayle refers to as the bipartisan bill. Both of these measures are based on the same principles and concepts, though they differ in detail. It is my purpose in reviewing the testimony received at these hearings to understand the pros and cons of the two approaches in the areas where they differ.

In closing, I want to welcome all of our witnesses here today and thank them for taking the time and trouble to share their insights and experiences with us.

Thank you, Mr. Chairman.

Senator QUAYLE. Mr. Jeffords?

Representative JEFFORDS. Thank you, Mr. Chairman. First of all, I appreciate the testimony of the gentlemen, it's been most helpful, and I certainly have been an advocate of more involvement of the private sector and a strong supporter of title VII.

I do have some problems with the administration's bill. First of all, its main emphasis is on AFDC recipients. Second, it seems to indicate that the private sector would be able to absorb some half a million people in OJT, and I wonder if you think that is a reasonable expectation. That's an awful big increase in OJT. Is it possible that the private sector can absorb that many from that particular group—people that have been on welfare, youth, and many struggling with basic skills.

Do you think the private sector can absorb a half a million individuals a year in OJT?

Mr. SCHUBERT. Congressman, let me first, before responding, compliment you particularly in your attempts in legislation to consolidate as many functions locally as possible. We think that that is highly laudatory. There is nothing that bugs the business community more than to deal with fragmented programs some of which seem to be operating at odds with one another.

With regard to your question as to the adequacy of resources to meet that particular target group realistically, these are scarce resources that are assigned particularly for this first year. Our reaction, however, is that the new form that is suggested, reducing stipends and putting the emphasis on training, is right on target, that indeed it will triple the training that has been provided in earlier enactments; and consolidation, to the degree that it can be effectuated, along the lines that you suggest, will help to make additional resources available.

Inasmuch, however, as the total is still going to be scarce, we believe that the primary focus ought to be on out-of-school youth; we need to target in on that group. These other groups can be reached to some extent by the 10 percent available to the States, State funds, but we believe that the target ought to be out-of-school youth.

Representative **Jeffords**. Would anyone else want to comment on the ability of OJT to handle a half million people?

Mr. **Driesbach**. I would think in some areas there would be no problem, while in others there would be. If you are in an area with a lot of unemployment, a lot of youth unemployment, you may not be able to draw them all. Take the city of Newark, where we do have a problem, and they are in an economy there which is level, but it's not good—could that economical area there absorb, say, 50,000 or 25,000? I don't know; I don't know how you would allocate these 500,000 jobs over the United States.

I would think in some areas, based on the economic situation, you wouldn't have any problem; in others, because of a real depressed situation—and you could take the Detroit area—no way; I don't know what the hell you are going to do there, I don't know.

But I think if you take the country as a whole—it's very hard to get people to relocate, so you have that problem. You have concentrations of this in some areas that you couldn't completely absorb, I would say. But in others you could.

Representative **Jeffords**. From a businessman's perspective, is it helpful to go to a labor market area concept for planning? Does it help coordinate businesses not to have to deal with a whole number of planning councils. Is it better to organize on a labor market area basis so that you have better coordination of available facilities and available businesses?

Mr. **Driesbach**. It depends on the size of population and the number of councils or entities that are involved in the area. I am thinking of our area of Newark. The city of Newark has no private industrial councils in their own CETA organization. The county of Essex also has their own. But we have a large population there. And those two units are serving a large area. You are also probably tied into a greater metropolitan labor market area, too. A lot of people commute into New York City up to Connecticut and that area. So the problem is you have got a population situation.

So I don't know whether you could have one gigantic oversight group or whether it would be better to stay within the current structure. I would think it's hard enough to manage an area where you have, say, 200,000 or 300,000 people without worrying about millions. I don't know. I think it might be better to—you have to recognize the labor market area, while I think you might be able to effectively operate with two or three people in the area, as long as they coordinated their efforts.

Mr. **Schubert**. Congressman, NAB believes very strongly that the effort ought to be tied to a labor market area, depending on how you define it obviously—but clearly tied to the labor market area. It really doesn't make sense to have jurisdictional struggles between political jurisdictions that in fact are operating within the same labor market area.

So we very strongly support the notion of a labor market area, recognizing that reasonable people can differ as to precisely what the configuration should be of that area.

Representative **Jeffords**. Thank you.

Senator **Quayle**. Thank you, Mr. Jeffords, Mr. Campbell, Mr. Driesbach, Mr. Lindsay, Mr. Hand, Mr. Shubert—we thank you. And, again, if you could tell us what amendments you would like to see in S. 2036, because we intend to go to markup Thursday.

The next panel will be Messrs. Freeman, Dittoe, Farley, Heidel, and Reed.

STATEMENTS OF LESTER FREEMAN, SENIOR VICE PRESIDENT OF SOUTHEAST FIRST NATIONAL BANK OF MIAMI, REPRESENTING THE NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS [NAPIC]; JAMES T. DITTOE, PRESIDENT, METROPOLITAN EVANSVILLE CHAMBER OF COMMERCE, REPRESENTING THE SOUTHWEST INDIANA PRIVATE INDUSTRY COUNCIL; RAYMOND F. FARLEY, PRESIDENT, S. C. JOHNSON & SON CO., REPRESENTING THE JOHNSON WAX CO.; CHARLES HEIDEL, PRESIDENT, DETROIT EDISON, REPRESENTING THE GREATER DETROIT ALLIANCE OF BUSINESS; AND CARL W. REED, VICE PRESIDENT, ZIONS FIRST NATIONAL BANK, SALT LAKE CITY, REPRESENTING DAVIS COUNTY, UTAH, PRIVATE INDUSTRY COUNCIL, A PANEL

Mr. **Freeman**. Mr. Chairman, Chairman Hawkins, and members of the subcommittees, I am Lester Freeman, senior vice president, Southeast First National Bank, headquartered in Miami, Fla. I am a founding member of the board of directors of the Private Industry Council of Dade County, Inc., which is a Florida nonprofit corporation.

I am here today on behalf of the National Association of Private Industry Councils, NAPIC, the only national membership organization of private industry councils. I certainly thank the two subcommittees for providing NAPIC the opportunity to testify on employment and training legislation. You have copies of our presentation, and I am only going to try to highlight it.

We also compliment you for holding these joint hearings. That open and cooperative process will lead to a strengthened employment and training system. We hope it will help to secure economic independence for participants and more productive workers for employers.

Title VII of CETA marks your recognition of the need to involve private sector employers more closely in training activities. In our judgment, the expectations of the Congress that strong private sector participation would strengthen the entire system have been fulfilled. The record will indeed show that private-public relationships represented by private industry councils do indeed make a substantial difference.

We applaud the fact that all of the bills currently before both the Senate and the House call for an expanded private sector role in the employment and training system. It is our judgment that the Administration's Training for Jobs Act of 1982 provides a good model for an action-oriented decisionmaking business-led private industry council operation at the local level.

In order for the new system to build upon its credibility with private employers who still control between 70 and 80 percent of all jobs, strong and appropriate roles must be developed for the private industry councils. First, it must be clear that these entities are in fact business-led. Second, business representation should constitute a clear majority of the membership of the board of the councils. Third, the PIC should have the authority to make decisions in those areas which reflect the greatest concern and interest of the private sector.

Business has as its chief concern the training and development of skilled, motivated, and productive workers. Therefore, PIC's should have the full and clear authority to negotiate which occupations would be the subject of training. How and where the training should be done and the specifications to which the training ought to be aimed also should be negotiated.

The PIC should also have the authority to decide on the local level the type of retraining needs in particular communities, and the appropriate programs to address those needs.

The PIC should also be fully authorized to engage in employment-generating activities, particularly those related to linkage with local economic development and those which test innovative ways of reaching special target populations.

In these areas, the PIC should have the authority to act as the administrator of the entire system, to make delivery systems more cohesive, responsive, and effective, or the PIC should have the authority to negotiate administrative control with local government in order to concentrate on the training, operational, and placement objectives; or other PIC's might like to serve as boards of directors, concentrating on oversight, planning, and concurrence while using existing local service delivery systems for program implementation and reporting.

Relationships with State and local government, development of plans, defining populations to serve, coordination with other education and training institutions, program evaluation, roles and responsibilities among PIC's, local and State government—all of these should be worked out through open negotiations among related parties and be responsive to local and statewide conditions.

I emphasize the need for the new system to remain credible to private employers. To this end it is important that a new system be based upon the best elements of the old. Where PIC's, in cooperation with their prime sponsors, have already achieved good performance levels, plus the respect and support of local business communities, they should form the basis of the new PIC's. Where that has not happened, a strong, formal organizing process with broad representation from the business community to insure support and to insure active business leadership in the new PIC is a must.

In short, the PIC must serve as the interface between the employers and the targeted employees. That can only be successful when the process and the funding are negotiated by the frontline parties.

Thank you for listening.

[The prepared statement of Mr. Freeman follows:]

STATEMENT
on
behalf of
THE NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS
before the
JOINT HEARINGS
of the
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
and the
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
March 18, 1982

Senator Quayle, Congressman Hawkins, Members of the Subcommittees, I am Lester Freeman, Senior Vice President, Southeast First National Bank, Miami, Florida and a founding member of the Private Industry Council of Dade County, Inc. I am appearing before you today on behalf of the National Association of Private Industry Councils (NAPIC), the only national membership organization of Private Industry Councils (PICs). I wish to thank the two Subcommittees for providing NAPIC the opportunity to testify on employment and training legislation.

We compliment the Chairmen and the subcommittee members for holding these joint hearings. The cooperative spirit displayed by the Congress sets the tone for a constructive discussion and consideration of the issues. We are confident that a strengthened employment and training system -- providing trained workers for employers and economic independence for participants -- will emerge out of this process.

As you know, Congress recognized the need to more fully involve private sector employers in the nation's employment and training efforts for the unemployed when it passed the Private Sector Initiative Program, Title VII of the Comprehensive Employment and Training Act Amendments of 1978. Congress reaffirmed its commitment to an active role for the private sector in local job training efforts when it extended Title VII for two years in 1980.

In our judgment, the expectations of the Congress have been fulfilled. The Title VII record shows that the local public/private partnerships secured through Private Industry Councils do make a difference.

In recognition of this fact, all of the bills before both the Senate and the House of Representatives call for an expanded role for the private sector over the entire range of employment and training services. We endorse this emphasis. We know that an action-oriented, decision-making role for the private sector will improve the ability of the employment and training system to provide business and industry with needed, appropriately trained workers.

Overview

Over the past several years a great deal has been written about the role of the private sector in publically funded job training efforts. Most such analyses begin with the observation that some seven out of ten jobs in the American economy exist in the private sector. Given this fact, any job training system must have as a primary goal that of placing trainees in private sector jobs. To accomplish this goal, the system must be able to identify and respond to the labor force needs of the private sector.

Yet recognizing that private sector hiring decisions will be a key determinant of the success of any job training system or program does not tell policymakers which activities the private sector can most effectively perform in furtherance of the placement objectives. The most important feature of Title VII was the high degree of flexibility given to PICs to explore a wide variety of roles which would enhance private/public cooperation toward obtaining jobs for the unemployed.

Therefore, as PIC business volunteers, we have a particularly good vantage point for defining the roles and responsibilities which the private sector can and will effectively assume. The insight and experience of the thousands of business volunteers on local PICs will serve as an important resource for Congress and the Administration and a major source of continuity and stability within the system during a period of change.

While some PIC members would prefer to see their PIC given more time in which to develop its mission and track record under the current structure of a separate business oriented title, we recognize the need to streamline and deregulate the current system. We further recognize that the opportunity to make needed improvements is now. However, we wish to recommend that change occur in an evolutionary manner, building on the efforts of successful PICs and prime sponsors.

Above all else, solutions to problems and deficiencies in the current system should be developed that utilize the commitment and experience of PIC members and staff as well as the prime sponsors with whom they work. The revised system could be irreparably damaged in those communities where the business community perceives that the experience and knowledge of current business volunteers have been largely ignored in planning and implementing a revised structure. For this reason, existing PICs should be given transitional responsibilities and a clear option should exist to utilize the current PIC as the new PIC.

To paraphrase the words of the Milwaukee PIC Chairman: "The constant change characteristic of federal training programs means that business volunteers are forever reaching the third grade only to be sent back to the first grade." The business community will support changes which clarify public and private roles, streamline service delivery and reward performance. These objectives can best be accomplished by building on the work of the PICs over the past three years.

Public/Private Partnership

In our judgment, new job training legislation must continue to nurture the growing sense of partnership which PICs have developed between the private sector --including labor and community groups -- and the public sector.

The public sector cannot accomplish the goals of the employment training system alone because the private sector controls the vast majority of hiring decisions. On the other hand, business volunteers have full time jobs which necessarily limit their involvement in public training efforts. Business will help, but it is in the public sector that final accountability will rest.

In short, the partnership we seek exists only where authority is shared. Shared decision-making is another major innovative feature of Title VII. The PIC experience shows that business and industry will get involved when they are given a real job to do. This principle should underlie any new employment and training legislation.

However, we further recognize that the shared power conferred under Title VII has often been illusory and has sometimes resulted in conflict. In too many communities the role of the private sector remains passive and pro forma. We conclude that concurrence is an important but not sufficient concept for obtaining active private sector involvement. Emerging federal policies must be sensitive to the failures as well as the successes of recent years. We believe that by directly addressing the roles and responsibilities of the PIC, the problems of past legislation can be largely avoided.

At the core of new legislation must be an understanding of the unique expertise that each actor brings to the partnership. In our judgment, a partnership has a great opportunity to thrive if it is grounded in a shared authority where each actor has decision-making rights in those areas where it has expertise and a willingness to assume responsibility for its decisions. A failure to determine suitable and reasonable roles will make it difficult to develop community concensus concerning the objectives of employment and training programs, ultimately leading to the withdrawal of the private sector from active participation in these efforts.

Public and Private Roles

Our experience proves that the following elements must be present in any comprehensive job training system. The implementation process must allow the local private/public partnership to negotiate the roles to be carried out by the partners, individually or shared.

- o nominating and selection responsibility for members to PIC;
- o determination of governing structure of PIC;
- o determination of administrative structure and responsibilities;

- relationships with state and local governments;
- selection of staff to perform defined functions;
- development of plan;
- definition of labor market needs and business sector priorities;
- defining populations to be served;
- coordination with other education, training and economic development funds and activities;
- identifying evaluation objectives and standards;
- development and adoption of performance standards for all programs;
- approval of plan;
- design, implementation and oversight of administration of programs to meet labor market needs;
- marketing of programs, services, and job ready applicants to the private sector;
- evaluation of programs.

With the above observations in mind, our comments will be confined to those which we believe are relevant to retaining or developing an action-oriented private sector presence within the employment training system.

Major Principles

NAPIC believes that an employment and training system responsive to the needs of the private sector and able to provide jobs for the unemployed and underemployed must be based upon the following principles.

1. The private sector must have genuine decision-making authority and responsibility if it is to participate in the system and provide the jobs upon which the success of any training system will rest.

2. The job training system must be locally based. Hiring decisions and employer training needs occur uniquely within each community. It is at the community level that private sector involvement is most crucial since it is at this level that the system must be finally accountable to employers, trainees and the taxpayer.

3. The job training system should be judged by performance rather than process. This emphasis must translate into local flexibility and a minimum of regulations. Performance standards should be related to the goals established in each community but should include job placement, job retention, and earnings gains for adults and basic competencies and work habits for youth.

4. The roles and responsibilities of the various levels of government -- federal, state, and local -- should be clearly defined. The overlapping and sometimes conflicting roles that characterize CETA should be eliminated.

5. Eligibility should be broadly defined in federal legislation, with state and local PICs and public officials responsible for determining local priorities consistent with these federal goals.

6. The system should emphasize job training and placement rather than income maintenance. Supportive services and income assistance should be limited to actual need and implemented with maximum local flexibility.

Recommendations

NAPIC has reviewed the bills before these committees and wishes to complement the authors. All of the bills recognize that private sector involvement must be strengthened and further suggest that this involvement be secured through a board similar to the current private industry council.

As an aside, we urge you to retain the term "Private Industry Council." This term and the related acronym "PIC" are now well known in most communities and convey the notion of private sector support for job training programs. The continuation of this name has the support of business and industry in the vast majority of communities.

Drawing upon the principles outlined above, we would like now to discuss several issues raised by the proposed legislation. The areas of concern are: transition to a modified system, appointment and composition of the PIC, roles and responsibilities of the PIC, allowable activities, and eligibility.

Transition Roles

We are concerned that most of the proposals before the Subcommittees call for some major changes in operating relationships and organizational structure at the local level but discuss the question of transition from the current system to the new one vaguely if at all. Ideally, a revised employment training system will draw on the strengths of the existing institutions and actors. Spending millions of dollars to close the system and millions more to start up a new system makes little sense -- especially to the employers and job-seekers who could have been assisted with this money.

H.R. 4320 stipulates that the existing PIC may serve as the PIC for the revised local system. We support the adoption of this language. However, the issue is not whether the current PICs are retained, which could occur to some extent under each proposal and which should be based on the performance and local support for each PIC in any case, but whether the business expertise developed over the past three years will be tapped in addressing the problems that each community and state is likely to confront next year.

NAPIC, therefore, urges that any legislation allow the existing PIC to serve as the new PIC consistent with membership requirements of the legislation and consistent with desires of the local community. There does not need to be a replanning process. The Title VII programs have worked well in communities where public/private leadership was mobilized and motivated.

Appointment and Composition of the PIC

In instances where the local community wishes to change from the existing PIC, the following guidelines must be legislated:

1. The business members must be nominated from organizations broadly representative of the business community. At a minimum, we would suggest the language of S.2036. In fact, we would like to see a more formal nominating committee composed of the local chief elected official, the existing PIC chairperson, the chief executive officer of the local chamber of commerce, and two or three other officials from local general and special purpose business organizations;

2. The PIC will be a source of leadership for the business community in addressing its labor needs and the needs of the unemployed. If the PIC is to assume this role, it is imperative that the leader of the PIC be from the private sector. The legislation should require that the chairperson be a private sector member of the council;

3. The legislation should not mandate the organizational level of the business participants. Local needs can be adequately determined by the nominating organizations. Furthermore, the role of the PIC will determine to some extent the types of expertise that must be represented in order for the PIC to function effectively;

4. PIC members should serve a specified term of service and be eligible for renomination. Members should not serve at the discretion of elected

officials in any case;

4. The private sector should constitute a significant majority of the PIC membership. We suggest a sixty (60) percent minimum. The business community must perceive that the PIC is a business-led organization.

Roles and Responsibilities of PICs

1. PICs must be allowed the maximum flexibility to negotiate among the range of roles from total control, to responsibility for implementation of a few programs, to oversight and concurrence only based on a determination of the most suitable delivery methodology in each local service area.

   a. PICs may choose the role of total control in an effort to make fragmented delivery systems more cohesive and more responsive to local business manpower needs in both the type and quality of training.

   b. Other PICs may consider the implementation of needed training programs their primary objective and, therefore, may choose to share administrative control with local government in order to concentrate on the training, operation and placement objectives.

   c. Still other PICs may decide the most appropriate local role for business is that of a "board of directors", concentrating on oversight, planning, and concurrence; and using an existing local service delivery system for program implementation and reporting.

   d. The many variations within the range of possible roles and responsibilities must remain flexible in order for local business to be truly responsive to the employment and training needs of local industry and the community at large.

2. The PIC must have the right to its own staff regardless of the role assumed.

3. PICs should be given control over the budget in any detail appropriate to the local PIC role.

Allowable Activities

1. Allowable activities should emphasize job training, including the following:

a. Classroom training;

b. On-the-Job Training;

c. Work experience in the private, as well as public sectors for 1) youth and 2) special populations;

d. Combinations of the above, as appropriate.

2. Employment generating services, currently allowable under Title VII of CETA, should be included in the new legislation. The following employment generating services are essential to program development:

a. Local economic development linkages;

b. Advertising;

c. Market research;

d. Program evaluation and documentation; and

e. Small scale demonstrations of innovative employment and training models.

3. Upgrading and retraining components should be available for use at the discretion of local PICs to respond to local needs.

Eligibility

1. Those most in need should be broadly targeted for service.

2. AFDC recipients and out-of-school disadvantaged youth must be included in the targeted population.

3. A broader category of the economically disadvantaged must also be included for services. Ex-offenders, displaced homemakers, the handicapped, those who are underemployed or long-term unemployed, those who lack basic skills and those who lack language skills among others make up a large proportion of the disadvantaged who can benefit from training assistance .

4. PICs should have discretion in serving those who face other than economic barriers to employment. This category must include in-school youths, the handicapped and those in need of retraining or upgrading. We suggest that up to ten (10) percent of total enrollment should be set aside to serve those who meet other-than-economic criteria.

Legislative Recommendations

In reviewing the various bills before the Congress, we are impressed by the extent to which all of these proposals promote active business involvement in the training system. All of the bills are responsive to the principles which we have enumerated. In fact, they are quite similar in their assumptions and objectives. Each bill has elements which, in our judgment, should be included in the final legislation.

As we have indicated, business leadership in the job training system is essential if we expect employers to use the system on a continuing basis. It is our judgment that the Administration's "Training for Jobs Act of 1982" provides the best model for an action-oriented, decision-making business led Private Industry Council at the local level.

Under this proposal local PICs will be able to determine the types of training programs best suited to local labor markets. They will have the opportunity to decide who can most efficiently administer and manage local programs. PICs will be able to decide who can provide training that meets the standards of private employers and then assess the performance of service providers. We believe that the proposed PICs will introduce a healthy competition into local job training efforts, while providing that the successful elements of the current system are retained.

In addition to providing for a strong private sector role in the planning and implementation of job training programs at the state and local levels, the proposal would utilize performance standards and measures of results as at least a partial basis for future federal funding, instead of reliance on an overly-narrow regulatory process. The proposal transcends previous divisions based upon different CETA titles. Finally, it encourages coordination among previously separate employment, training, and education systems without rigidly mandating the methods for achieving this goal.

As we have indicated, many of the principles which we endorse are reflected in the other proposals as well. In addition, we believe that the proposed system will be even more effective if several changes are made. Some of these suggestions are drawn from the other bills before you.

First we suggest that the option to retain the existing PICs, if supported at the local level, be explicitly stated. Many existing PICs have developed successful partnerships--supported by the local private and public sectors. These successful efforts must be continued.

Second, local businesses generally support the principle of allowing local communities the discretion to make decisions concerning job training. They would prefer that certain activities, such as the nomination and selection process for a local PIC, occur at the local level. The Governor's job training council may set goals but local PICs and their communities should have independence provided their decisions are consistent with legislated objectives.

Third, PIC business members are in virtually unanimous agreement that client eligibility should be broadly defined in the new legislation. State boards and local PICs should set priorities based on local conditions. We support an income standard with a ten (10) percent "window" to serve others with barriers to employment as proposed by Congressman Hawkins and discussed earlier in our testimony.

Fourth, as under Title VII of CETA, the chairperson of the local PIC should be a business person. A business-led council should be just that and the legislation should so indicate as does H.R. 5320.

Fifth, while we support performance standards, we wish to caution that these standards not be so narrowly construed as to work at cross purposes with the PIC's mandate to provide training responsive to local employer needs. Performance standards must be flexible enough so that local objectives and economic conditions are important factors in the measurement process. In addition, we are somewhat concerned that the distribution of incentive funding on a state-by-state basis may deny funds to successful PICs in states which do not meet the overall standards.

Finally, we support a somewhat broader range of allowable activities as our earlier remarks indicate and as provided in the other bills before you. Above all, PIC business members support the continuation of employment generating services as an allowable activity under a portion of the available resources.

Conclusion

In summary, we support the Administration's proposal because it provides an excellent framework for a discussion of the principles which should underlie federal job training efforts and the methods through which the needs of employers and the productive potential of the unemployed can best be served. We request that our suggested improvements be given consideration. We are committed to working with the Committees and their staffs to seek a bill that is widely supported by business, labor, community based organizations, and state and local governments.

This concludes our prepared statement. We appreciate the opportunity to appear before these joint hearings. We would be happy to answer any questions you may have.

Senator **Quayle**. Thank you very much, Mr. Freeman. I failed to note at the outset that you are from the State of our great Senator from Florida, sitting to my immediate right. I apologize because I should have, and will at this time, call on Senator Hawkins for any additions she might want to make to your very fine testimony.

Senator **Hawkins**. Well, I am just very proud that Mr. Freeman takes the time to come here and share with us his experience and give us advice The Miami Private Industry Council is an excellent example of how well the private sector can get along with the involvement with the Federal employment and training program, and we are looking to groups like his to help us make our Jobs Training Act workable and successful. I am very proud of Mr. Freeman.

Senator **Quayle**. Thank you very much, Senator Hawkins. I have no problem in identifying our next witness. He comes from Evansville, Ind. I have certainly enjoyed our past association. I am sorry that the team of Evansville didn't do a little better in the playoffs, but there will be another year. We certainly appreciate your coming, and at this time it is my distinct honor to welcome you to the committee for your testimony, Mr. Dittoe.

Mr. DITTOE. Thank you, Mr. Chairman. If I could have 5 more minutes to talk about that basketball tournament, I would be happy to. [Laughter.]

Senator QUAYLE. Do you want to have a replay?

Mr. DITTOE. No, just 5 more minutes. [Laughter.]

My name is Jim Dittoe, and I am president of the Private Industry Council of Southwest Indiana and president of the Metropolitan Evansville Chamber of Commerce.

During the late 1970's, a group of individuals came together to be known as "The Private Industry Council of Southwest Indiana." This group, established by Federal legislation and public law, was to act in an advisory capacity to the Southwestern Indiana Comprehensive Employment and Training Act Consortium for the purpose of analyzing and developing processes and programs to secure more private sector jobs for the economically disadvantaged, and to attract greater private sector participation in all phases of employment and training activities.

To enhance the role of this group and to provide for greater independence and flexibility, the Private Industry Council of Southwest Indiana incorporated on May 14, 1981.

The suggested initial strategies for the achievement of our goals involved the formation of certain task forces, which have now been expanded as follows: (1) a job readiness task force, (2) a job survey task force, (3) a program development task force, (4) a marketing task force, and (5) a long-range planning task force.

The ultimate role of the Private Industry Council of Southwest Indiana is to become the leader in creating a genuine and permanent partnership between public and private interest along with the training and employment of the disadvantaged. The bottom line purpose of PIC is to match the employment needs of private industry with the community's population of unemployed and disadvantaged.

The Private Industry Council of Southwest Indiana has taken the necessary corporate and organizational steps to secure its position as an independent service organization and has built a solid institutional base and organization to accomplish its objective.

The aforementioned characteristics and principles adopted by the Private Industry Council of Southwest Indiana, Incorporated, compose the frame of reference and the foundation of its position on employment and training activity. Consistent with its corporate structure and philosophy, the council offers the following recommendations on future employment and training legislation.

One, the legislation should be designed to complement and support the role of business as the primary provider of employment and training.

Two, the program delivery system should maximize flexibility and minimize regulations, thus providing the capacity to respond to a broad spectrum of labor market problems.

Three, the legislated goals and activities should incorporate enough flexibility to permit local program priorities and operations to shift according to changes in economic conditions, and avoid restrictions that unnecessarily tie the hands of local program operators.

Four, the new legislation should consolidate activities now funded under CETA into a single grant under which a wide range of employment and training activities would be authorized, allowing localities to design programs based on local needs and priorities.

Five, the employment and training programs of each service area should come under the authority of a private industry council. These councils would function as the single administrative entity for all elements of the employment and training activity and would thereby be directly responsible for administering programs and managing staff. This approach would encourage greater business involvement, permit better quality programs, and significantly reduce administrative complexity and cost.

Six, the legislation should establish long-term funding authorization and appropriation. The funding authorization should be of sufficient size to allow for an array of meaningful employment and training activity at the local level. Long-term funding should help eliminate major disruptions and should also facilitate long-range planning.

Seven, this long-term funding authorization should be in the form of a single grant distributed to the various private industry councils directly from the Department of Labor.

Eight, the legislation should build on the experience and strength of the PIC concept and the existing PIC system.

Nine, private industry councils should be allowed to incorporate.

Mr. Chairman, our PIC is composed of business, organized labor, community groups, minorities, and governmental representatives, and has the approval of the mayor, who selects the board. The aforementioned recommendations come from them.

We are very aware of the political pressures which call for a two-structured organization, but would refer to two individuals who said it well, the first, Henry David Thoreau, who said: "Simplify, simplify;" and the second, the French historian, De Tocqueville—and here I paraphrase from his treatise of 150 years ago, called Democracy in America: "America has a good thing going, but will get so complex that it can become easily fouled up."

Mr. Chairman, we call on Congress to write legislation which helps us in Evansville, Ind., help our economically disadvantaged neighbors in a straightforward, streamlined manner.

[The prepared statement of Mr. Dittoe follows:]

Position Statement

FEDERAL EMPLOYMENT AND TRAINING PROGRAMS

Private Industry Council of Southwest Indiana, Inc.

February 25, 1982

During the late 1970's, a group of individuals came together to be known as "The Private Industry Council of Southwest Indiana". This group, established by Federal legislation and public law, was to act in an advisory capacity to the Southwestern Indiana Comprehensive Employment and Training Act Consortium for the purpose of analyzing and developing processes and programs to secure more private sector jobs for the economically disadvantaged; and to attract greater private sector participation in all phases of employment and training activities.

To enhance the role of this group and to provide for greater independence and flexibility, the Private Industry Council of Southwest Indiana incorporated on May 14, 1981. Their purpose as stated in the Articles of Incorporation is as follows:

> "To perform the function of a Private Industry Council under the Federal Comprehensive Employment and Training Act and regulations promulgated pursuant thereto, in no way limited to, the preparation of disadvantaged individuals to meet current and projected business and industry employment needs by projecting labor market demands by occupation and skills required for employment, arranging support services to enable participants to enter and continue in the work force and to operate basic education and minimum skill training programs."

Upon incorporation, the Private Industry Council adopted the following goals as their immediate concerns.

1. To increase the involvement of the business community in employment and training opportunities for unemployed or underemployed persons who are economically disadvantaged.

2. To form a local partnership between the private sector and the prime sponsor that will most effectively satisfy the labor demand needs of the business community and enhance the economic well-being of the community.

3. To increase private sector employment and training opportunities commensurate with reduced levels of activity in the public and private nonprofit areas and to provide the vehicle for a gradual shift in emphasis in CETA programs from public service employment to private sector jobs.

4. To serve as intermediary between the private sector and the local employment and training programs of the prime sponsor. The PIC may become engaged in actual operations of such programs or provide assistance of a more indirect nature to the prime sponsor.

The suggested initial strategies for the achievement of these goals involved the formation of certain task forces, which have now been expanded as follows:

1. A Job Readiness Task Force, which is charged with determining what motivational techniques and/or behavior adjustment techniques need to be included with the regular training program so that participants develop good work habits and become good employees.

2. A Job Survey Task Force, which is charged with assessing the job needs of the region, with consideration to current and future positions for which economically disadvantaged people can be trained and placed, or placed with on-the-job training.

3. A Program Development Task Force charged with reviewing the program proposals submitted to or initiated by the Private Industry Council and formulating recommendations on funding.

4. A Marketing Task Force which is charged with developing and implementing a marketing plan to promote the activities, services, social and economic benefits of the Private Industry Council, with such marketing targeted to private sector employers.

5. A Long Range Planning Task Force which is charged with developing long-range goals and objectives and establishing guidelines to achieve such goals.

With the appointed task forces functioning as charged, the following should occur:

1. An assessment should be available through the Job Survey Task Force of employment opportunities in the community, such a survey to be of immeasurable assistance in determining priorities of program proposals.

2. Through the activities of the Marketing Task Force, PIC should become the agency understood and accepted by those private sector employers most likely to use services of an employment training and placement council, thereby creating that genuine and permanent partnership of private and public interests.

3. Through the activities of the Job Readiness Task Force, training programs will be developed so that graduates of PIC-sponsored training programs will understand proper behavior and work habits and be motivated to become acceptable and productive employees.

4. As the Program Development Task Force studies program proposals and recommends funding for such proposals, they will develop evaluation techniques leading to a growing success story of PIC's activities.

5. The Long Range Planning Task Force should provide PIC with goals and timetables for results and objectives. Long-range goals, should include the following:

   a) PIC should become an initiator of programs rather than a reactor to program proposals.

   b) PIC needs to continue its development of a cohesive group of dedicated individuals capable of recognizing the PIC's independency and strong enough to take on the total supervision and control of all employment training programs of Southwest Indiana if required.

   c) PIC needs to develop the capability to become a program operator in addition to its present activities as a program contractor.

d) PIC needs to be able to assist those of the community involved in economic development by being able to provide training programs as required for individual specific employers.

e) PIC needs to develop its credibility and prestige so that it has influence over other Federal employment training programs and titles. PIC's abilities and potentials need to extend beyond CETA's resources.

The ultimate role of the Private Industry Council of Southwest Indiana should be to become the leader in creating a genuine and permanent parntership between public and private interest along with the training and the employing of the disadvantaged. The bottom-line purpose of PIC is to match the employment needs of private industry with the community's population of unemployed and disadvantaged.

The Private Industry Council of Southwest Indiana has taken the necessary corporate and organizational steps to secure its position as an independent service organization and has built a solid institutional base and organization to accomplish its objective.

The aforementioned characteristics and principles adopted by the Private Industry Council of Southwest Indiana, Inc., compose the frame of reference and the foundation of its position on employment and training activity. Consistent with its corporate structure and philosophy the Council offers the following recommendations on future employment and training legislation.

1. The legislation should be designed to complement and support the role of business as the primary provider of employment and job training. Business should be in a leadership role.

2. The program delivery system should maximize flexibility and minimize regulations, thus providing the capacity to respond to a broad spectrum of labor market problems.

3. The legislated goals and activities should incorporate enough flexibility to permit local program priorities and operation to shift according to changes in economic conditions; and should avoid restrictions that unnecessarily tie the hands of local program operators.

4. The new legislation should consolidate activities now funded under CETA into a single grant under which a wide range of employment and training activities would be authorized, allowing localities to design programs based on local needs and priorities.

5. The employment and training programs of each service area should come under the authority of a Private Industry Council. These Councils would function as the single administrative entity for all elements of the employment and training activity and would thereby be directly responsible for administering programs and managing staff. This approach would encourage greater business involvement, permit better quality programs, and significantly reduce administrative complexity and cost.

6. The legislation should establish long-term funding authorization and appropriation. The funding authorization should be of sufficient size to allow for an array of meaningful employment and training activity at the local level. Long-term funding should help eliminate major disruptions and should also facilitate long-range planning.

7. This long-term funding authorization should be in the form of a single grant distributed to the various Private Industry Councils directly from the Department of Labor.

8. The Legislation should build on the experience and strength of the PIC concept and the existing PIC system.

9. Private Industry Councils should be allowed to incorporate.

Testimony provided by: James Dittoe, President, Private Industry Council
of Southwest Indiana, Inc.

Senator **Quayle**. Thank you very much, Mr. Dittoe. Mr. Farley?

Mr. **Farley**. My name is Ray Farley, and I am president of the Johnson Wax Co., located in Racine, Wis.

For many years I have been involved in helping disadvantaged citizens. Most recently I helped organize and direct the private industry council in southeastern Wisconsin, which has a three-county population of approximately 364,000 people, and I am currently its PIC chairman.

Now, our private industry council was incorporated in March 1980. Last year 82 percent of the adults in our programs were placed in private sector jobs. And the average cost per placement was $1,500. And 98 percent of the students that were in our youth program remained in school.

Since May of last year, we have been sharing our thoughts and experiences with key personnel of the Senate, the House of Representatives, and the administration, as well as private industry councils that are involved with employment and training programs.

I mention our background and our sharing of information so that you are aware that we are speaking from experience. We have, so to speak, slugged it out in the trenches to train and get people jobs. The recommendations that follow are based on this experience and are humbly and respectfully offered.

I would encourage you to be bold and innovative in structuring this new law by giving private business the mandate to address this problem. Write the law and be specific by saying what should be done, not what can't be done. The bill should acknowledge the purpose, the responsibility, and the control of the new program as being within and by the private sector. Provide direct funding to private industry councils—I cannot overemphasize the importance of this factor. The businessman will not become involved at the proper level if his position is not definite and if he is not given the tools to do the job. The organization that has the money has the power to perform, and so the businessman must be assured access to and continuity of funding. So let the businessman use his methods in getting the job done. Let him negotiate for services and encourage him to help the largest number of people with the dollars available.

Private industry representatives should be senior officers of businesses, including small businesses. These are the people with the prestige and influence and who know how to get the job done.

A major emphasis should be given to on-the-job training programs with small businesses. This is the most direct and efficient way to convert people from an unemployed to an employed status. The day the program starts, the participant is an employee of the company and is training for a definite job need.

It is forecasted that 82 percent of jobs in the private sector will be in small business, businesses that employ under 30 employees. Now, these small businessmen are generally not sophisticated; they are skeptical and are concerned about laws that hinder business. Consequently they tend to relate much better to business people who can talk their language and understand their problems. Whatever law you pass must make certain—and this is terribly important—whatever law you pass must make certain that this vast network of small businesses has the greatest potential for being utilized.

The local, private industry council should have 60-percent business membership. It should be incorporated. It should function as the administrative entity. It should have authority to hire its own staff, and should have the power to contract for services. The chairman should be a businessman appointed by the Governor from nominees submitted by the local chamber of commerce or Manufacturers' Association. PIC's should serve their respective labor market areas, one PIC to each labor market. One chief elected official will be the local government representative on the PIC. The PIC chairman, with the assistance of the chief elected official, should determine the size and appoint the members of the original PIC board of directors. At a minimum, a PIC board should have 60-percent business membership as well as representation of government, labor, education, and community-based organizations.

Provide for a State employment and training coordination council that also has 60-percent business membership with a businessman as chairman, to advise the Governor regarding training and employment and to assist in structuring and overseeing the PIC's in the State.

I can assure you, if you will pass a law that gives a clear mandate to the business community, unencumbered by bureaucracy, with a high business-awareness profile, directly funded, organized, and run by the business community, you stand the best chance of helping a group of people which normally does not have access to the mainstream economy. Short of these conditions, the business community will become passive and the program may fail.

I have been very encouraged by the bills that have been drafted and the progress of the hearings, and I would encourage you to make certain that they go far enough in giving business the mandate to do this job.

Thank you.

[The prepared statement of Mr. Farley follows:]

TESTIMONY OF RAYMOND F. FARLEY

JOINT HEARINGS
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
MARCH 18, 1982, ROOM 4232, DIRKSEN SENATE OFFICE BUILDING

MY NAME IS RAY FARLEY. I AM PRESIDENT OF THE S. C. JOHNSON AND SON COMPANY, MAYBE BETTER KNOWN TO YOU AS THE JOHNSON WAX COMPANY, HEADQUARTERED IN RACINE, WISCONSIN. I AM ADDRESSING YOU AS A BUSINESSMAN, WHO IS CONCERNED WITH THE WELFARE OF THE COMMUNITY HE LIVES IN AND NOT ON BEHALF OR FOR THE JOHNSON WAX COMPANY. I AM ALSO SPEAKING FOR OTHER INTERESTED BUSINESSMEN THROUGHOUT THE COUNTRY, MANY OF WHOM I HAVE HAD CONTACT WITH, AND WHO SHARE MY INTEREST IN TRAINING AND EMPLOYING THE ECONOMICALLY DISADVANTAGED CITIZENS.

FOR MANY YEARS, I HAVE BEEN INVOLVED, ONE WAY OR ANOTHER, IN HELPING DISADVANTAGED CITIZENS. MOST RECENTLY, I HAVE HELPED ORGANIZE AND DIRECT THE PRIVATE INDUSTRY COUNCIL IN SOUTHEASTERN WISCONSIN, WHICH SERVES KENOSHA, RACINE AND WALWORTH COUNTIES, WITH A COMBINED POPULATION OF APPROXIMATELY 364,000, OF WHICH 188,000 ARE IN THE LABOR FORCE. WE HAVE, IN OUR AREA, A NUMBER OF MAJOR MANUFACTURERS, A STRONG AGRICULTURAL BUSINESS AND NUMEROUS LARGE AND SMALL RESORTS.

OUR PRIVATE INDUSTRY COUNCIL WAS FORMED AND INCORPORATED IN MARCH OF 1980 AND SINCE THAT TIME HAS HAD APPROXIMATELY 500 PARTICIPANTS IN ITS PROGRAMS. LAST YEAR, 82% OF THE ADULTS IN OUR PROGRAMS WERE PLACED IN PRIVATE SECTOR JOBS. THE AVERAGE COST TO PLACE A PERSON ON A JOB WAS $1,500. 98% OF THE STUDENTS THAT WERE IN OUR YOUTH PROGRAMS

REMAINED IN SCHOOL. WE WERE PLEASED WITH THESE RESULTS BECAUSE OUR AREA HAS THE HIGHEST SCHOOL DROP OUT RATE IN THE STATE, AND MOST OF OUR PROGRAMS DEALT WITH STUDENTS WHO HAD DROPPED OUT OF SCHOOL OR WERE DROP-OUT PRONE.

I WOULD LIKE TO TELL YOU SOMETHING ABOUT THE PROGRAMS RUN BY OUR PRIVATE INDUSTRY COUNCIL.

APPROXIMATELY 45% OF THE INDIVIDUALS WE TRAIN PARTICIPATE IN YOUTH PROGRAMS; THE REMAINING 55% PARTICIPATE IN ADULTS PROGRAMS. WE HAVE TWO DISTINCT PROGRAMS FOR YOUTH. THE VOCATIONAL EXPLORATION PROGRAM IS DIRECTED AT THE HIGH SCHOOL STUDENT WHO EITHER HAS DROPPED OUT OR HAS BEEN IDENTIFIED AS DROP-OUT PRONE. THIS PROGRAM IS RUN IN CONJUNCTION WITH THE LOCAL PUBLIC SCHOOL SYSTEM. IT IS ADMINISTERED BY THE SCHOOL SYSTEM, BUT WE HELP DEVELOP THE FORMAT OF THE PROGRAM BY ASSISTING IN CURRICULUM DEVELOPMENT AND BY PROMOTING THE PROGRAM TO THE PRIVATE SECTOR. THERE ARE PERIODIC MEETINGS BETWEEN THE PRIVATE INDUSTRY COUNCIL AND THE SCHOOL SYSTEM TO EVALUATE PROGRESS AND TO MAKE ANY ADJUSTMENTS THAT ARE NECESSARY. THE PURPOSE OF THE PROGRAM IS TO EXPOSE THE STUDENTS TO THE WORLD OF WORK, THE VARIOUS OCCUPATIONS, MINIMUM REQUIREMENTS AND GIVE THE STUDENTS A MORE PRACTICAL APPLICATION OF THEIR ACADEMIC INSTRUCTION, THEREBY EMPHASIZING THE IMPORTANCE OF STAYING IN SCHOOL AND COMPLETING THEIR EDUCATION. A GREAT DEAL OF ENTHUSIASM AND COOPERATION HAS BEEN GENERATED BY THIS

ALTERNATIVE METHOD OF EDUCATION, AND A GENUINE PARTNERSHIP BETWEEN THE SCHOOL SYSTEM AND THE PRIVATE SECTOR IS QUITE EVIDENT. FOR EXAMPLE, IN ONE SCHOOL DISTRICT, THE PARTICIPATING STUDENT ATTENDS SCHOOL HALF A DAY AND THEN SPENDS THE OTHER HALF OF THE DAY EXPLORING A VARIETY OF PRIVATE SECTOR OCCUPATIONS, ON-SITE, UNDER THE SUPERVISION OF AN EMPLOYER. IN ANOTHER DISTRICT, THE STUDENT SPENDS TWO FULL DAYS DURING THE WEEK IN REGULAR CLASSES AND THE REMAINING THREE DAYS ARE SPENT WITH A SPECIFICALLY SELECTED PRIVATE SECTOR EMPLOYER. IN EACH INSTANCE, THE CLASSROOM INSTRUCTION IS DIRECTLY RELATED TO THE REQUIREMENTS AND EXPECTATIONS THE STUDENTS HAVE BEEN EXPOSED TO BY THEIR PRIVATE SECTOR SUPERVISORS. ALTHOUGH THIS IS A NON-PAID EXPERIENCE FOR THE STUDENT, EACH STUDENT IS GIVEN ACADEMIC CREDIT TOWARDS THEIR GRADUATION REQUIREMENTS WHEN THEY SUCCESSFULLY COMPLETE THE PROGRAM. THOSE THAT DO SUCCESSFULLY COMPLETE THE PROGRAM ARE ALSO OFFERED FULL-TIME SUMMER JOBS IN THE OCCUPATION THEY FOUND MOST SUITABLE FOR THEM. THE COST OF THE PROGRAM IS MINIMAL, WITH EXPENSES GOING TOWARD A TEACHER'S SALARY AND GENERAL ADMINISTRATIVE EXPENSES. WE INTEND TO CONTINUE TO REFINE THIS PROGRAM AND TO EXPAND IT THROUGHOUT OUR SERVICE DELIVERY AREA.

WE ALSO HAVE A PROGRAM FOR POST-HIGH SCHOOL STUDENTS THAT WE CALL THE BUSINESS INTERN PROGRAM. AS WE IDENTIFY PART-TIME JOBS IN THE PRIVATE SECTOR, WE RECRUIT STUDENTS FROM POST HIGH SCHOOL INSTITUTIONS WHOSE ACADEMIC OR VOCATIONAL STUDIES PARALLEL THE OCCUPATIONAL AREA OF THE AVAILABLE JOB OPENING. THE STUDENT IS PAID BY THE EMPLOYER, WHO IN TURN RECEIVES MINIMAL SUBSIDY FOR A SHORT PERIOD OF TIME FROM THE PRIVATE INDUSTRY COUNCIL. THIS IS ANOTHER WAY IN WHICH THE STUDENT IS PROVIDED WITH A MORE CONCENTRATED PRACTICAL CAREER EXPERIENCE, RECEIVES COMPENSATION AND LEARNS TO MEET THE NEEDS OF THE PRIVATE SECTOR.

WITH THESE COMBINED PROGRAMS, OUR IN-SCHOOL RETENTION RATE HAS EXCEEDED OUR EXPECTATIONS, 98% AS I MENTIONED EARLIER. THIS SEEMS TO BE THE RESULT OF DEMONSTRATING CONCERN, CARE AND INTEREST IN THE STUDENTS AND BY OFFERING THEM ALTERNATIVE PROGRAMS THAT COINCIDE WITH THEIR INTEREST AND EDUCATIONAL ENDEAVORS.

FOR THE ADULT POPULATION, WE HAVE CONCENTRATED OUR EFFORTS ON ON-THE-JOB TRAINING PROGRAMS. WE CONCENTRATE ON THE SMALL BUSINESS SECTOR, GENERALLY BUSINESSES WITH UNDER 30 EMPLOYEES. OUR SERVICE DELIVERY AREA IS EXPERIENCING ONE OF THE HIGHEST UNEMPLOYMENT RATES IN THE COUNTRY, MAINLY DUE TO THE FACT THAT WE HAVE A CONCENTRATION OF HEAVY MANUFACTURING IN OUR AREA, PARTICULARLY IN THE TRANSPORTATION INDUSTRY. EVEN WITH THAT KIND OF ENVIRONMENT, WE FIND THAT THE SMALL BUSINESS COMMUNITY IS GROWNING AND THERE ARE JOB OPPORTUNITIES TO BE DEVELOPED THROUGH THE TYPES OF PROGRAMS WE OFFER. WE HAVE FOUND A WIDE VARIETY OF JOBS THAT CAN BE FILLED BY THE ECONOMICALLY DISADVANTAGED. WE HAVE PLACED INDIVIDUALS IN OCCUPATIONS RANGING FROM MACHINE OPERATORS, ASSEMBLY WORKERS, FOOD PROCESSORS TO CLERICAL AND MANAGERIAL POSITIONS.

WE HAVE FOUND THAT IN ORDER TO SUCCEED WITH THE SMALL BUSINESS COMMUNITY, IT IS NECESSARY TO UNDERSTAND THE CONCERNS AND THINKING OF THE SMALL BUSINESSMAN. WE RUN OUR PROGRAMS AS A SERVICE TO THE BUSINESS COMMUNITY AND NOT AS ADMINISTRATORS OF A FEDERAL PROGRAM. OUR APPROACH IS A BUSINESS APPROACH. OUR STAFF ARE EXPERIENCED PRIVATE SECTOR PEOPLE WHO UNDERSTAND THE INDUSTRIAL RELATIONS AND PERSONNEL FUNCTIONS.

OUR METHOD OF OPERATION IS QUITE SIMPLE AND STRAIGHFORWARD. AS WE IDENTIFY A SMALL BUSINESS THAT HAS A NEED FOR A NEW EMPLOYEE, WE PREPARE A LETTER OF INTENT -- AN INITIAL ONE PAGE AGREEMENT TO ENTER INTO A CONTRACT WITH THE PRIVATE INDUSTRY COUNCIL. WE THEN HELP THE SMALL BUSINESSMAN PREPARE A TRAINING OUTLINE AND IDENTIFY THE SKILL NEEDS THAT THE JOB REQUIRES. THEN, WITH THE HELP OF THE LOCAL EMPLOYMENT SERVICE, COMMUNITY BASED ORGANIZATIONS AND OTHER PUBLIC SECTOR TRAINING INSTITUTIONS, WE SCREEN THE ELIGIBLE POPULATION TO FIND PEOPLE WHO MEET THE BASIC REQUIREMENTS FOR THE PARTICULAR JOB. IT IS THE OBJECTIVE OF OUR PROFESSIONAL STAFF TO PLACE A PARTICIPANT IN A JOB WHERE THERE IS A DEGREE OF CHALLENGE, OPPORTUNITY FOR GROWTH AND PERSONAL DEVELOPMENT. WE THEN REFER SEVERAL POTENTIAL CANDIDATES TO THE EMPLOYER WHO MAKES THE FINAL SELECTION. ONCE THE PERSON HAS BEEN SELECTED, WE THEN NEGOTIATE A CONTRACT WITH THE EMPLOYER, BASED UPON THE SKILL LEVEL OF THE INDIVIDUAL AND AN ESTIMATE BY THE EMPLOYER OF HOW LONG HE FEELS IT WILL TAKE TO MAKE THIS PERSON A FULLY PRODUCTIVE EMPLOYEE. THE AMOUNT OF SUBSIDY TO THE EMPLOYER IS ALSO

BASED ON THESE TWO CRITERIA. AT THIS POINT, THE PARTICIPANT IS HIRED BY THE COMPANY. THROUGHOUT THE TRAINING PERIOD, OUR STAFF PERIODICALLY MEETS WITH THE EMPLOYER TO CHECK ON THE PROGRESS OF THE PARTICIPANT, TO ASSIST WITH ANY PROBLEMS THAT MAY ARISE AND TO MAKE ANY ADJUSTMENTS IF THEY ARE NECESSARY. AFTER THE TRAINING PERIOD IS COMPLETED, THE PARTICIPANT CONTINUES ON WITH THE COMPANY AS A FULL-TIME REGULAR EMPLOYEE.

IT IS OUR FEELING THAT THIS METHOD REPRESENTS THE GREATEST OPPORTUNITY FOR SUCCESS TO TRAIN AND EMPLOY THE ECONOMICALLY DISADVANTAGED CITIZENS IN THE PRIVATE SECTOR. AS I HAVE MENTIONED, IN THIS PARTICULAR PROGRAM WE HAVE EXPERIENCED AN 82% CONTINUED EMPLOYMENT RATE AFTER THE PROGRAM WAS COMPLETED.

SINCE MAY OF LAST YEAR, WE HAVE BEEN SHARING OUR THOUGHTS AND EXPERIENCES WITH KEY PERSONNEL OF THE SENATE, HOUSE OF REPRESENTATIVES AND THE ADMINISTRATION, AS WELL AS BUSINESS ORGANIZATIONS AND PRIVATE INDUSTRY COUNCILS THAT ARE INVOLVED WITH EMPLOYMENT AND TRAINING PROGRAMS. WE FIRST DEVELOPED OUR THOUGHTS, WITH OTHER INTERESTED BUSINESSMEN, IN A SUGGESTED PROGRAM THAT WE LABELED "BOOTSTRAP U.S.A." -- A PROGRAM TO INVOLVE THE BUSINESS COMMUNITY WITH TRAINING AND EMPLOYING ECONOMICALLY DISADVANTAGED CITIZENS IN THE PRIVATE SECTOR. THESE ARE THE CREDENTIALS THAT I OFFER YOU TODAY AS A BASIS FOR MY RECOMMENDATIONS AND COMMENTS.

I HAVE SEEN THE PROBLEMS OF THE CETA SYSTEM. I HAVE HAD THE EXPERIENCE OF TRAINING PEOPLE FOR JOBS THAT WERE NOT THERE WHEN THE TRAINING ENDED. I HAVE LEARNED THAT LARGE COMPANIES ARE NOT THE ANSWER TO THE PROBLEM, OR THE PLACE WHERE THE GREATEST NUMBER OF NEW JOBS ARE BEING CREATED NOW, BUT RATHER IN SMALL BUSINESSES OF UNDER 30 EMPLOYEES. I HAVE LEARNED THAT THE ONLY WAY TO GET THE BUSINESS COMMUNITY'S PARTICIPATION IS TO HAVE BUSINESSMEN DEAL WITH BUSINESSMEN IN ADMINISTERING THESE PROGRAMS. I HAVE LEARNED THE IMPORTANCE OF COMMUNITY BASED ORGANIZATIONS AND EDUCATIONAL INSTITUTIONS IN PREPARING THE STRUCTURALLY UNEMPLOYED FOR JOBS. I HAVE LEARNED THAT A COMMUNITY CAN ORGANIZE ITSELF TO ELIMINATE DUPLICATION AND WASTE AND BE EFFECTIVE IN TRAINING AND EMPLOYING DISADVANTAGED CITIZENS. YES, I HAVE ALSO EXPERIENCED THE FEELING OF AN ELECTED OFFICIAL TELLING ME THAT HE HAD DISSOLVED OUR PRIVATE INDUSTRY COUNCIL BECAUSE OUR CONCERNS WERE STRICTLY TO GET THE MOST OUT OF THE FEDERAL DOLLARS AVAILABLE IN THE MOST DIRECT EFFICIENT AND EFFECTIVE MANNER.

I DON'T WANT TO BORE YOU WITH ALL THESE DETAILS. I ONLY WANT TO IMPRESS UPON YOU THAT I HAVE BEEN A PARTICIPANT AND NOT AN OBSERVER IN THE TRAINING AND EMPLOYMENT EFFORT. I SPEAK FROM PERSONAL EXPERIENCE AND NOT HEARSAY.

I WOULD ENCOURAGE YOU TO BE BOLD AND INNOVATIVE IN STRUCTURING THIS

NEW LAW. GIVE PRIVATE BUSINESS THE MANDATE TO ADDRESS THIS PROBLEM. KEEP THE ORGANIZATION SIMPLE AND DIRECT AND ELIMINATE THE BUREAUCRATIC LAYERING THAT SEEMS TO CHARACTERIZE PROGRAMS OF THIS TYPE. WRITE THE LAW AND BE SPECIFIC BY SAYING WHAT CAN BE DONE AND WHAT SHOULD BE DONE, NOT WHAT CAN'T BE DONE. THE BILL SHOULD ACKNOWLEDGE THE PURPOSE, RESPONSIBILITY AND CONTROL OF THE NEW PROGRAM AS BEING WITHIN AND BY THE PRIVATE SECTOR. PROVIDE DIRECT FUNDING TO PRIVATE INDUSTRY COUNCILS -- EITHER BY DIRECT FUNDING FROM THE FEDERAL GOVERNMENT OR PASS-THRU FUNDING THROUGH THE STATE GOVERNMENT. I CANNOT OVER-EMPHASIZE THE IMPORTANCE OF THIS FACTOR. THE BUSINESSMAN WILL NOT GO 'HAT IN HAND' TO ANY GOVERNMENT BODY PLEADING FOR MONEY FOR HIS PRIVATE INDUSTRY COUNCIL. THE ORGANIZATION THAT HAS THE MONEY HAS THE POWER TO PERFORM AND SO MUST BE ASSURED ACCESS TO AND CONTINUITY OF FUNDING. LET THE BUSINESMAN USE HIS METHODS IN GETTING THE JOB DONE. LET HIM NEGOTIATE FOR SERVICES AND ENCOURAGE HIM TO HELP THE LARGEST NUMBER OF PEOPLE WITH THE DOLLARS AVAILABLE. DON'T TIE HIM DOWN TO TRADITIONAL GOVERNMENT METHODS OF AWARDING CONTRACTS. IT IS STEREOTYPED AND TIME CONSUMING AND MAY NOT PROVIDE THE MOST EFFECTIVE ANSWER. TITLE VII OF THE CETA ACT TOOK A STEP TO RELAX THIS PROCEDURE. LET'S NOT TAKE TWO STEPS BACKWARDS IN THE NEW LAW.

AN ORDERLY TRANSITION FROM TODAY'S SYSTEM TO THE NEW IS IMPORTANT. DON'T MAKE THE TRANSITION TIME FROM THE CURRENT CETA SYSTEM TO THE NEW EMPLOYMENT PROGRAM INDEFINITE. THE NEW EMPLOYMENT PROGRAM SHOULD REQUIRE THE INVOLVEMENT OF PRIVATE BUSINESS. BUSINESS CAN BRING

PEOPLE TOGETHER TO DO A JOB. THEIR STRENGTH IS IN ORGANIZATION AND THE ABILITY TO CARRY OUT PLANS TO ACHIEVE GOALS AND OBJECTIVES. PROVIDE A TRANSITION TIME OF NO LONGER THAN ONE YEAR. AT THE END OF THAT TIME, PICS WILL BE IN PLACE AND FUNCTIONING.

PRIVATE INDUSTRY REPRESENTATIVES SHOULD BE CHIEF EXECUTIVE OFFICERS OR CHIEF OPERATING OFFICERS OF FOR-PROFIT CORPORATIONS OR OTHER OFFICERS OF BUSINESSES WHO HAVE OR HAVE HAD PROFIT AND LOSS RESPONSIBILITY FOR AN AUTONOMOUS PART OF A BUSINESS. THESE ARE THE PEOPLE WITH PRESTIGE AND INFLUENCE IN A COMMUNITY AND WHO KNOW HOW TO GET A JOB DONE AND WILL BE WILLING TO PERSEVERE IN CARRYING OUT THE PRIVATE SECTOR METHODS AND PRACTICES IN ACHIEVING THE OBJECTIVE OF THE LAW.

A MAJOR EMPHASIS SHOULD BE GIVEN TO ON-THE-JOB TRAINING PROGRAMS WITH SMALL BUSINESSES. THIS IS THE MOST DIRECT AND EFFICIENT WAY TO CONVERT PEOPLE FROM AN UNEMPLOYED TO AN EMPLOYED STATUS. THE DAY THE PROGRAM STARTS, THE PARTICIPANT IS AN EMPLOYEE OF THE COMPANY AND IS TRAINING FOR A DEFINITE JOB NEED. A TRAINING SUBSIDY IS PROVIDED TO THE COMPANY ONLY UP TO THE POINT THE PARTICIPANT BECOMES A PRODUCTIVE EMPLOYEE. THE RATE OF SUBSIDY AND THE TERM OF TRAINING SHOULD BE NEGOTIATED. MAXIMUM LIMITS CAN BE SET BUT SHOULD ONLY BE USED AS GUIDELINES.

IT SEEMS TO BE MORE AND MORE A COMMON CONCENSUS OF PEOPLE FORECASTING FUTURE JOB NEEDS THAT 85% OF THE NEW JOBS IN THE COUNTRY IN THE NEXT

FIVE YEARS WILL BE IN THE PRIVATE SECTOR AND 82% OF THOSE JOBS WILL BE IN SMALL BUSINESS -- BUSINESSES THAT EMPLOY UNDER 30 EMPLOYEES. THESE SMALL BUSINESSMEN ARE GENERALLY NOT TOO SOPHISTICATED, ARE SKEPTICAL OF GOVERNMENT PROGRAMS, ARE GENERALLY CONSERVATIVE AND ARE CONCERNED ABOUT LAWS RELATING TO BUSINESS, SUCH AS OSHA, ERISA, EEO, CLEAN AIR, CLEAN WATER, ETC. CONSEQUENTLY, THEY TEND TO RELATE MUCH BETTER TO BUSINESS PEOPLE WHO CAN TALK THEIR LANGUAGE AND UNDERSTAND THEIR PROBLEMS AND WANT TO HELP THEIR BUSINESSES GROW. OUR PROGRAMS ASSIST THE SMALL BUSINESSMAN BY PROVIDING HIM WITH QUALIFIED EMPLOYEES, ESTABLISHING EFFECTIVE TRAINING METHODS AND ASSISTING HIM IN ORGANIZATION TO COMPLY WITH THE LAWS RELATING TO EMPLOYEES AND JOB CONDITIONS.

HIGHLIGHT IN THE LAW WHAT BUSINESS PROVIDES IN A TRAINING SITUATION, AS WELL AS WHAT THE GOVERNMENT PROVIDES. IN ON-THE-JOB TRAINING, BUSINESS PROVIDES THE FACILITY, THE EQUIPMENT, THE INSTRUCTION, AT LEAST 50% OF THE WAGES, ALL OF THE FRINGE BENEFITS, AND ABSORBS THE TOTAL TOOL BREAKAGE, SCRAP LOSS AND EXPENSES RELATED TO TRAINING A PERSON WHO IS NOT AN EXPERIENCED EMPLOYEE.

WRITE A BILL IN LANGUAGE THAT THE ORDINARY BUSINESSMAN CAN UNDERSTAND AND FOLLOW WITHOUT THE NEED FOR LEGAL INTERPRETATION OF EVERY SENTENCE. WE NEED SIMPLE LANGUAGE WITHOUT A LOT OF CLEVER ACRONYMS. WE WOULD BE WILLING TO OFFER OUR SUGGESTIONS AND WORK WITH YOU IN DEVELOPING THE LANGUAGE, IF YOU SO DESIRE.

The local Private Industry Council should have a 60% business membership, should have authority to hire its own staff and have the power to contract for services, should be incorporated and should function as the administrative entity. The Chairman should be appointed by the Governor from the recommendations of the local Chamber of Commerce, Manufacturers' Association, industry associations and other business groups within the service delivery area. The local Chamber of Commerce should coordinate the recommendation process. PICs should serve their respective labor market areas -- one PIC to each labor market. One chief elected official will be elected by the chief elected officials within a labor market area to be the local incumbent government representative on the PIC. The PIC Chairman, with the assistance of the Chief Elected Official, should determine the size and appoint the members of the original PIC Board of Directors. Members should be recommended by the business groups mentioned above and other interested agencies and organizations in the local area. At a minimum, a PIC board should have 60% business membership, representatives of large and small business and various industries in the area, as well as representation of government, labor, education and community based organizations.

After initial organization and incorporation, the By-Laws of the PIC should provide for subsequent election of Directors by the Board, except for the Chief Elected Offical member, who would be the incumbent in that position.

Provide for a State Employment and Training Coordination Council that has a 60% business membership to advise the Governor regarding training and employment and to assist in structuring and overseeing the PICs in the State. The Governor's administrative costs, incurred by his involvement in this program, should be minimal. We should avoid Federal funds being siphoned off to fund a large state bureaucracy. The money should be used for effective training programs. Similarly, a Federal Commission on Employment and Productivity, that has a 60% business membership, should be set up to advise the President and Congress regarding training and employment, to help attract the interest and commitment of significant and important business people throughout the country.

Provide some funds in the bill for organization and implementation. The selection of the PIC Chairman and informational seminars before the bill becomes effective, will help to familiarize people who are going to operate and direct these programs and will get them off to a good start with minimum confusion and delay.

I can assure you, if you will pass a law that gives a clear mandate to the business community, unencumbered by bureaucracy, with a high business awareness profile, directly funded, organized and run by the business community, you stand the best chance of helping a group which normally does not have access to the mainstream economy, and

WHO SHOULD ALSO SHARE IN THE BENEFITS OF THE COMING ECONOMIC RECOVERY. SHORT OF THESE CONDITIONS, THE BUSINESS COMMUNITY WILL BECOME DISENCHANTED AND THE PROGRAM WILL FAIL. I DRAW YOUR ATTENTION TO THE UNITED WAY, WHICH IS AN ORGANIZATION THAT HAS LONG HAD STRONG SUPPORT OF BUSINESS, COMMUNITY LEADERS AND ORGANIZED LABOR AND HAS BEEN VERY SUCCESSFUL OVER THE YEARS. EACH LOCAL UNIT IS AN INCORPORATED, NOT-FOR-PROFIT CORPORATION, THAT IS LOCALLY CONTROLLED BY A VOLUNTARY BOARD OF DIRECTORS, HAS ITS OWN STAFF AND IS RUN VERY EFFICIENTLY WITH PROFESSIONAL ADMINSTRATORS. ONLY 10¢ OF EVERY DOLLAR COLLECTED IS USED FOR OVERHEAD. IN OTHER WORDS, 90¢ ON THE DOLLAR IS USED FOR SERVICES TO PEOPLE. WE FEEL THIS IS A GOOD MODEL TO USE IN STRUCTURING THE PRIVATE INDUSTRY COUNCIL ORGANIZATION AND OPERATING PROCEDURES.

THE STATISTICS RELATING TO EMPLOYMENT AND TRAINING OF ECONOMICALLY DISADVANTAGED CITIZENS ARE QUITE INTERESTING TO REVIEW. THERE ARE 2½ TO 3 MILLION PEOPLE IN THE COUNTRY WHO FALL WITHIN THE DEFINITION OF ECONOMICALLY DISADVANTAGED. THERE ARE SOME 6.7 MILLION CORPORATIONS IN THE UNITED STATES, OF WHICH IT IS ESTIMATED 6.6 MILLION EMPLOY LESS THAN 50 EMPLOYEES. IT DOESN'T TAKE MUCH ARITHMETIC TO SEE THAT SUBSTANTIAL IN-ROADS CAN BE MADE IN SOLVING THE PROBLEM IF, BUT A SMALL PERCENTAGE OF THE SMALL BUSINESS COMMUNITY HIRES JUST ONE ECONOMICALLY DISADVANTAGED PERSON.

I WANT TO THANK YOU FOR YOUR TIME AND CONGRATULATE YOU ON YOUR ACCOMPLISHMENTS TO DATE. IN DRAFTING SEVERAL BILLS AND HOLDING THE HEARINGS, YOU HAVE DEMONSTRATED A SINCERE DESIRE TO STRUCTURE A PROGRAM THAT WILL WORK AND YOU HAVE RAISED YOUR SIGHTS ABOVE ANY PARTISAN CONSIDERATION. I'M VERY ENCOURAGED BY THIS AND OFFER YOU MY CONTINUED PERSONAL SUPPORT AND THE SUPPORT OF THE GROUP I REPRESENT. WE STAND READY TO ASSIST YOU IN ANY WAY THAT WE CAN. THE REWARDS CAN BE IMPRESSIVE -- FEWER PUBLIC DOLLARS NEEDED FOR BASIC SUPPORT PAYMENTS, THE STRUCTURALLY UNEMPLOYED GIVEN THE OPPORTUNITY TO BE A PART OF THE MAINSTREAM OF OUR ECONOMIC SOCIETY, AND A GROWING, VIBRANT SMALL BUSINESS COMMUNITY.

ADDENDUM TO VERBAL TESTIMONY
OF
RAYMOND F. FARLEY

JOINT HEARINGS
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
MARCH 18, 1982, ROOM 4232, DIRKSEN SENATE OFFICE BUILDING

SUBJECT: SUGGESTED ELEMENTS FOR NEW EMPLOYMENT AND TRAINING LEGISLATION

The Comprehensive Employment and Training Act (CETA), a program that was enacted in the early 1970's and directed at the economically disadvantaged population of the country, focused on providing training, work experience and employment in the public sector and had the local chief elected official function as the catalyst who organized and administered the program.

Since it is projected that 85% of the new jobs in the country in the next five years will be in the private sector, and 82% of those jobs will be in small business concerns with less than 30 employees, the new program should concentrate on employing and training people in the private sector. The bill should be written as a mandate to private business to address the training and employment problem of the economically disadvantaged and acknowledge the purpose, responsibility and control of the new program as being within and by private business. The catalyst should be a businessman appointed by the Governor. This businessman will establish and be Chairman of the local Private Industry Council (PIC) that will be the administrative body for the service delivery area.

With the economy as it is, and with the possible limitation of funds available for this program, it may be necessary to target the program on the group with the greatest needs, such as the structurally unemployed and those receiving direct grants, aid to families with dependent children and recipients of General Assistance. The employment and training system should be so structured that it can easily be expanded to include other groups as more money becomes available when the economy returns to normal and expands. It is however, important that in structuring the program, we include the various resources that are available for support, such as the employment service, economic development activities, human services department and other training programs designed to upgrade the skill level of the workforce and retrain the displaced worker.

When elements of the bill have been agreed to, it is essential to have business participation in writing and structuring the bill. The bill should be written in language that the ordinary businessman or citizen can understand. It should be written in such a way as to set up a cooperative environment, highlighting the contributions of the various segments involved. For example, in on-the-job training programs, business provides the facility, the equipment, the instruction, at least 50% of the wages, all of the fringe benefits and absorbs the total tool breakage, scrap loss and expenses related to training a person who is not an experienced employee.

The bill should avoid the structuring of a large state bureaucratic organization to administer the program.

The United Way structure and organization could be used as a model in structuring this program. The bill should provide some basic statistics to identify the magnitude of the problem. For example, the number of people who are receiving aid to families with dependent children, or other income maintenance grants, the number of high school drop outs and the number of people who are classified as economically disadvantaged. It should also include some basic suggestions and methods for the solution to the problem. For example, the number of business entities in the United States, particularly the number of small businesses with less than 30 employees and the resources they lend to the solution. Also, the types of existing community based organizations and educational organizations, with the services they offer.

SERVICE DELIVERY AREA

The service delivery area should be consistent with the labor market area. Existing service delivery areas, established under the Comprehensive Employment and Training Act, may continue to function during a transition period, which will last no longer than one year after the initial date of this new law. During this time, the Governor should determine the geographic boundaries of the service delivery area of the new program; however, his decision may be appealed by the Private Industry Council. Any conflict that cannot be resolved at the state level should be appealed to the Secretary of Labor. Each service delivery area will be encouraged to comply with the new law as soon as possible, but no later than one year from the effective date of the law.

PROGRAM ORGANIZATION

There shall be a Private Industry Council for each service delivery area. The Council will be incorporated as a not-for-profit corporation. Representatives of private business shall constitute 60% of the membership of the Council and representatives of local government, educational agencies, organized labor and community based organizations shall constitute the remainder. The representatives of private business shall be owners of business concerns, Chief Executive or Chief Operating Officers of for-profit organizations or other officers of business concerns who have or have had profit and loss responsibility for an autonomous part of a business. The Chairman of the Private Industry Council should always be a representative of private business and be appointed by the Governor from the recommendations of the local Chamber of Commerce, Manufacturers' Association, Industry Associations and other business groups within the service delivery area. The local Chamber of Commerce should coordinate the recommendation process.

The Chief Elected Officials of units of local government, within the service delivery area, should appoint one of their members to serve on the Board of Directors of the Private Industry Council. The Chairman of the Private Industry Council, with the assistance of the Chief Elected Official, should determine the size of the Council and appoint the membership of the Board of Directors. After the initial organization and incorporation, the By-Laws of the Private Industry Council will provide for subsequent election of Directors of the Board and its Chairman. However, the incumbent Chief Elected Official will always have a seat on the Board of Directors of the Council.

The incorporated Private Industry Council will be the administrative entity for the service delivery area. It will prepare its business plan for the year and submit it to the Governor for his approval. It will be the recipient and administrator of funds allocated for use in that area. Funds will come directly to the Private Industry Council from the Federal Government or as a direct pass-thru from the State Government.

The Private Industry Council may set up and operate programs dealing directly with the private sector, such as on-the-job training, specialized training, or contract with private sector organizations who have demonstrated capabilities to deal effectively with the private sector. The Private Industry Council staff should be professional people with a business background. Businessmen working with businessmen will facilitate the implementation of this program. Not more than 20% of funds for any program year, in any service delivery area, may be used to cover administrative costs, an amount of administrative funds adequate to insure efficient and effective operation of programs will be allowed. The Private Industry Council will take whatever measures are necessary to safeguard public funds received by the Council. Community based organizations and educational institutions should be contracted with to provide basic remedial education training and to develop the social and attitudinal perspectives necessary to meet the basic requirements for employment. Every effort should be made to eliminate duplication of services and to utilize the specialized services already available in the service delivery area. The Private Industry Council should use business methods in awarding contracts for services and not be limited to the traditional government methods.

The Governor, through his State Employment and Training Coordination Council, shall certify the Private Industry Council when it determines that the Council's composition and appointments are consistent with the provisions of the law. Such certifications shall be made or denied within 30 days after application.

The Governor, through his State Employment and Training Coordination Council, will review and approve the local business plan prepared by the Private Industry Council for each service delivery area.

The Governor will provide for fiscal and program audits. He should be encouraged to carry out his financial and program audit responsibilities by contracting with private sector auditing firms, thereby avoiding possible increases in government bureaucracy.

A State Employment and Training Coordination Council, with a representative of private business as chairman, shall be established with at least 60% business representation. The Council will be an advisory group to the Governor and will coordinate the activities of the various Private Industry Councils in the State. It will review the annual plan for each Private Industry Council and will assist the Councils in getting started in each service delivery area. The Governor should be encouraged to utilize the State Employment and Training Coordination Council to provide general guidance and oversight for the various PICs in the state.

PROGRAM ELEMENTS

The target group to be served by this program will generally be the economically disadvantaged. The funding level will determine how broad or how restrictive the participant group will be. Programs will be developed for the adult and youth populations.

Program elements should include: 1) basic and remedial education; 2) institutional and/or on-the-job training; 3) vocational counseling; 4) job search training and any other activity designed to prepare disadvantaged persons and place them in employment; 5) supportive services necessary to enable persons to participate in the program and to assist them in retaining employment; 6) employment generating activities to increase job opportunities for eligible persons; 7) payments to private for-profit employers for on-the-job training programs; and 8) the wages of trainees in a public or private not-for-profit organization for a period of up to six weeks, while such persons perform services for a private for-profit employer as part of a program to place the participant in regular employment with such employer. The bill should encourage the use of on-the-job training programs. The rate of subsidy and the term of training should be negotiated for each contract. Maximum limits could be set, but should only be used as guidelines.

PERFORMANCE CRITERIA

Training is an investment in human capital and not an expense. A return on investment formula should be developed to generate an overall common measurement. The formula would recognize the range from the cost of support before the program to the amount of contribution and taxes after the program. Adult programs would be rated on the basis of entered employment rate, the increased earnings of the individual and the decrease in maintenance subsidies the participant may have been receiving. Youth programs would be rated on the basis of in-school retention rate and the attainment of realistic school to work transition skills.

FEDERAL COMMISSION ON EMPLOYMENT AND PRODUCTIVITY

The President of the United States will appoint a Federal Commission on Employment and Productivity that will have a 60% business membership and a member of private business as Chairman, and will function as an advisory body to the President and Congress regarding training and employment. They will help attract the interest and commitment of appropriate business people throughout the country. These business people should have significant stature in their communities and will serve as local PIC chairmen and business representatives.

The Federal Commission on Employment and Productivity should include representation from various national business organizations, such as the U.S. Chamber of Commerce. Either the U.S. Chamber of Commerce or a similar organization, should prepare manuals and training aids to be used in defining the organization and structure of the Private Industry Councils, the types of programs, utilization of local government agencies, community based organizations and educational institutions in carrying out the various programs under this bill.

Some funds should be provided in the bill for initial organization and implementation. The selection and orientation of the Chairman and members of the Federal Commission on Employment and Productivity, State Advisory Council and local Private Industry Council before the bill becomes effective, will help to familiarize people who are going to operate and direct these programs and will get them off to a good start with minimum confusion and delay.

LIABILITY

1. Every recipient shall repay to the United States, amounts found not to have been expended in accordance with this Act. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this subpart unless he determines that such recipient should be held liable pursuant to paragraph (3).

2. Recipient includes both entities receiving direct financial assistance from the United States and those receiving assistance through subgrants or contracts.

3. Recipients shall be liable to repay from funds other than those received under this Act, upon a determination that the inappropriate expenditure of funds was due to willful disregard of statutory requirements, gross negligence, or failure to observe accepted standards of administration. No such finding shall be made except after notice and opportunity for a fair hearing.

4. Private Industry Councils will be required to enter into a comprehensive insurance contract with a national insurance carrier for coverage against fraud, misappropriation of funds, dishonesty, disappearance and destruction, as well as bonding of key employees.

5. Each Private Industry Council will be required to contract for an annual private, independent, financial and program audit.

An audit conference, consisting of the independent auditing group, the audit committee of the Board of Directors of the Private Industry Council and the Governor's auditing group could be scheduled before any audit report is published. The conference will review audit findings and make suggestions for further study or concur with the findings as submitted. This practice could help minimize the Governor's audit expense and reduce the frequency of his audit.

Senator QUAYLE. Thank you very much, Mr. Farley. Mr. Heidel?

Mr. HEIDEL. Thank you, Mr. Chairman. My name is Charles M. Heidel, I am chairman of the board of directors of the Greater Detroit Alliance of Business. We were a local NAB unit at one time, but just recently incorporated as a local unit. I also earn my living as the president of the Detroit Edison Co. and may, depending upon the questions that are asked later, have to tell you which hat I am wearing when I answer the questions. Joining with me today, and sitting immediately behind me, is Mr. Joe McGarvey, who is director of the Michigan Occupational Information System that I am going to refer to here in a minute.

This employment and training matter is a big issue, and I personally am not an expert in it. I did come here today, however, to address a specific issue, because we have specific problems in Michigan. I have had some of these bills reviewed for me, and I don't see that they adequately address the issue I will discuss. I trust that you will consider my comments as you look to changing these bills. The issue is what to do about the structural unemployment problem when there are no jobs now, and will be no jobs in the future, even if we do train people to do something new.

In Michigan, there are 685,000 people unemployed today, 18½-percent unemployment in the city of Detroit. Our State studies show that we will need 534,000 jobs by 1990 to reduce unemployment to a satisfactory level of 4 to 5 percent. Chase Econometrics studies have predicted that there will only be 100,000 to 125,000 new jobs created in this time period.

What I am saying is no matter how much you give the local PIC's in Michigan or give private industry to train people, we are not going to solve that problem.

I didn't come here today to drop this huge problem at your feet. We are working very hard on it in Michigan. When you get in a hole as deep as we are, you form coalitions of government and industry, and any talent you can bring to bear to work on these problems.

We have in Michigan a very adequate, well-developed data bank of job openings in our State, run very adequately by the Michigan employment security system. We have in Michigan developed, by

Mr. McGarvey and his people, the Michigan occupational information system. We have 2,200 terminals scattered around the State of Michigan where individuals can go to determine not necessarily what job openings are, but the kind of training they have to take on their own initiative or we should do for them to get new jobs.

Some other States have the same programs, many others are developing programs.

Information like this is needed so people can find out what are the opportunities, what are the development needs, so that they can find and develop themselves, or we can help them develop them to get these jobs.

Unfortunately, in Michigan 400,000 people are going to terminals like this and nothing will pop up as far as a future job.

So what is needed? It seems to us that a national information system of some sort is required, and should be maintained on a macrobasis—I don't think the Federal Government should get into the kind of detail we get at the local level. That is what are potential job opportunities today or what are the future job opportunities. We need this so that we can help train people at the local level to hopefully some day seek and obtain those jobs which aren't going to be in our geographic area.

It makes no sense to train people to do jobs that are not going to be there.

Much of the information is available; it is available in the various States. The job of the Federal Government, it seems to us, is to collate that information, make it available to the States, so that we can act upon it and advise people accordingly.

I think that we have to put the horse before the cart in this situation and determine what are the needs, where are the jobs. From there we can go to developing training programs and recommend to people where to go find them.

Thank you.

[The prepared statement of Mr. Heidel follows:]

STATEMENT
on
EMPLOYMENT AND TRAINING
before the
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
and the
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
for the
GREATER DETROIT ALLIANCE OF BUSINESS

March 18, 1982

My name is Charles M. Heidel. I'm chairman of the board of directors of the Greater Detroit Alliance of Business (GDAB) and President of Detroit Edison. My purpose here today is to comment on the employment and training legislation pending before your committees and in that context to discuss the plight of the nation's displaced workers.

It has become painfully clear that the plight of the displaced worker is a severe problem that requires special attention. With 684,000 jobless in Michigan and an 18.4 per cent unemployment rate in Detroit, it's obvious that jobs are generally not available.

Michigan and the Detroit area are obviously suffering disproportionately from the continuing recession. The situation is complicated by the extensive unemployment in other blue and white collar occupations. That diverse and growing unemployment has created a substantial excess labor force that will never be totally absorbed into the local workforce based on current job growth projections.

Specifically, the Greater Detroit Chamber of Commerce, using Michigan Employment Security Commission data projects that Michigan will need 534,000 new jobs by 1990 to reduce unemployment to 4 - 5 per cent. Chase Econometrics predicts that only 100 - 125,000 new jobs will be created during that period.

In addition, due to the nature of the industries involved, there is now a dislocated and displaced workforce whose skills are not immediately adaptable to those industries and occupations where substantial job growth is expected.

Displaced workers in these industries generally have well defined experiences and abilities, stable work histories, and an intimate knowledge of manufacturing settings. The nature of a manufacturing, production line environment, however, results in a narrow range of acquired skills. Fundamentally, these skills are oriented more to a specific set of actions rather than a general ability to diagnose and solve problems in the larger system.

Therefore, unless these displaced workers find jobs with a similar orientation or are retrained, their acquired experience and ability may not be transferable to those growth industries and high skill occupations that require a new definition of work influenced by automation and the shift from "hardware to thoughtware."

We are, therefore, gratified to see that each of the three bills pending before Congress gives special attention to the displaced worker in calling for cooperation between the public and private sectors in providing effective skill training for employment. While the problem of unemployment is not new, the scope of the problem is.

The need for accurate and pertinent labor market information to make sound decisions about skill training for employment is clear. Based on what has already been done in Michigan, I can say with confidence the technology and methodology exist to gather and disseminate such information in cost effective and highly useful ways. The proposed legislation provides an opportunity to build on our experiences and to extend the usefulness of what has already been accomplished.

I am here to stress the basic role of information in planning for successful skill training for employment. This should not be interpreted as thinking that the quality of the skill training and such supportive activities as job development and job placement will automatically follow if quality labor market information is provided. My stress is rather based on the conviction that if we do not look at our national economy and the flow of workers within a national as well as state and local labor market, our attempts at realistic skill training for employment will be a shot in the dark.

My basic recommendation is that the federal government should provide a national labor market information file which projects the numbers and types of jobs which will be available for the nation as a whole as well as regions, states, and localities within states. This information will enable skill to job matching to take place on a national scale.

At the present time the national labor market file does not exist. In fact, the data collection mechanisms which would support such a system and which currently are in place and working are in jeopardy of being eliminated as a result of U. S. Department of Labor budget cuts.

The proposed legislation needs to be strengthened to assure that data collection mechanisms are in place and that information is available for decision-making on what kind of skill training will be done.

To do this, I further recommend the following:

- Strengthen the specifics of how the federal and state cooperative labor market/occupational supply and demand information system will work based on what is already in place and working.

- Require that the combining of supply data to occupational demand data be made more quickly than presently provided.

- **Make explicit provisions in the legislation for the development, enhancement, and continued federal support of state-wide career information systems as part of a national network.**
- **Make explicit provisions in the legislation for a well-defined federal technical assistance and coordinative role using computer technology to rapidly disseminate information to state systems.**
- **Make provisions to allow for interstate sharing of such information and system enhancements to reduce costs and increase efficiency. Place responsibility for coordinating such sharing within the role of the specified federal interagency coordinating body.**
- **Enlarge the accountability aspect of the legislation to include the federal and state roles as well as the local program roles. Recognize that if the federal and state partners do not carry out their responsibilities, the private sector and local training programs will be handicapped in carrying out their responsibilities.**

Thank you very much for allowing me to appear before your Committee.

Senator QUAYLE. Thank you very much, Mr. Heidel. Mr. Reed?

Mr. REED. I am Carl Reed, vice president of Zions First National Bank, Salt Lake City, Utah. I am currently a member of the Davis County Private Industry Council.

In 1978, when the private industry council was created in Davis County, the chairman was selected because he was the only private employer to show up for a meeting. [Laughter.]

Since that almost disastrous beginning, the PIC has transitioned through growing pains to become an active and involved council. The five private industry councils in the State of Utah consist of members from retail, manufacturing, service, and banking, to name only a few. They represent nationwide corporations, small businesses, and local private enterprises. During these past 4 years, these PIC members and other private employers have committed time, efforts, and dollars. They have strengthened the employment and training organizational capacity and have received recognition for many of their achievements. Most importantly, they have been the source of a very important result—jobs.

To cite some examples:

One enrollee did not have a steady job and had an interest in the field of auto body repair. With little experience, he was unable to get a job in that line of work. An OJT contract was written with a local car dealership. He is now a journeyman auto body painter making between $8 and $10 per hour plus commission. He can now buy a home for his family.

In another case, Stella's work experience included waitressing and assembly work. Being a single head of household, supporting three children, she wanted an opportunity to learn a skill sufficient to be self-supportive. After only 3½ months of training, Stella was able to get a job as a secretary. She is currently making $5.10 per hour.

The Salt Lake Private Industry Council is responding to the needs of small business, the majority of businesses in the State of

Utah. It is utilizing a grant from the American Management Association to develop entrepreneurship training.

In Davis County, a joint effort has been underway with private industry and the public sector. A local hospital provides one floor for training in the medical housekeeping and laundry areas. The school district provides counselors and instructors. Training actually extends to survival skills, such as how to ride a bus. The intellectually, physically, or emotionally handicapped have an opportunity to become gainfully employed, to develop self-respect and pride. Without this training, many of these enrollees would have been limited to a sheltered workshop setting.

Our efforts in the private industry council are not just humanitarian; it pays off as an investment: private industry gains a productive worker, the community gains a taxpaying citizen, and business gains a paying customer.

As a representative of the private sector, I support the private-industry-council concept. The council has become a vehicle to develop strategy for public/private partnerships. It has been a force in promoting private-sector's views and needs. It has been a catalyst for job creation in the private-sector labor market. The momentum has grown and the continued strengthening of the private industry council is desired. The private industry council should have a majority of members from the private sector. This council should have, at a minimum, concurrent responsibility with the local, elected officials in regards to planning and the design of employment and training systems.

Again, the private sector ties have been established. Many of the past barriers have been broken and positive changes in employers' attitudes are underway.

Another point. Service delivery areas are best planned, administered, and delivered at the level of government closest to the people—those local jurisdictions in the local labor market service area. These service delivery areas are directly aware of the needs of their citizens and local economic conditions. They can direct services needed to intervene in the labor market. These local service delivery areas should have the responsibility of preparing a unified service plan that includes the functions of employment, and training, and labor market exchange. The employment and training system is best served by utilizing the foundation already in existence for the service delivery areas.

Without a funding level significant enough to provide benefits to business, these efforts will be fruitless. The employment and training system must be viable to provide skilled and marketable employees to private industry. Without the cooperation of the people who do the hiring, you cannot target for the jobs we have to train for. There are jobs that can't be filled because they require a skill. We have unemployed people who cannot work because they do not have marketable skills. These jobs are in private industry. Private industry must be involved to design a workable system to transition these people. The multiyear funding process can accommodate training programs to train for specific skill areas and stabilize the employment and training system.

[The chairman bangs the gavel.]

[The prepared statement of Mr. Reed follows:]

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In order for private industry to accept the challenge presented to them, we must recognize the benefits. We see this as gaining a productive worker and profits. If the Private Industry Council concept is to exist, give us the opportunity and responsibility to respond. We must continue to achieve and strive for the increased support of the public/private partnerships.

Senator **Quayle**. Thank you very much, Mr. Reed, your entire testimony will appear in the record.

Senator Hatch?

Senator **Hatch**. Mr. Reed, Mr. Freeman advocates strong administrative authority for the local PIC's. Do you see any special advantage or any special disadvantage to that recommendation?

Mr. **Reed**. I see only advantage from the standpoint it places decisionmaking responsibility at a level where decisions can be made most effectively.

Senator **Hatch**. How critical do you think it is that business PIC members be CEO's or have profit-and-loss responsibility? Wouldn't this strict requirement perhaps eliminate many interested businesses whose main administrative office may be elsewhere other than in the area where the PIC is?

Mr. **Reed**. I don't believe that membership need be limited to CEO's or those with bottom-line responsibility. As long as the individual is an active member of a management team and has decisionmaking responsibility for his organization he can effectively represent his organization through a private industry council.

Senator **Hatch**. One other question. You mentioned some specific accomplishments of training for the handicapped. To what extent should this new training bill include those groups which are not economically disadvantaged but who may have special barriers to employment, such as a special handicap?

Mr. **Reed**. I think to make people employable is the objective, whether they are unskilled or whether they have specific skills that are not employable at a given time in a given locale. I believe they come under the spirit of the program as much as those who are disadvantaged by lack of skills.

Senator **Hatch**. Thank you.

Senator **Quayle**. Mr. Hawkins?

Representative **Hawkins**. May I compliment the panel. I think the panel is beginning to get the gist, I think, of what this problem is all about. I would like to commend Mr. Farley at this time for the excellent job that he is doing at the Johnson Wax Co. I have had an opportunity to talk with them, and I think I would be remiss if I did not commend him on the excellent job that he is doing.

To continue with the statement of Mr. Reed—Mr. Reed, I was quite interested in the clarity with which you, I think, went to the very heart of the problem in your prepared statement. You said the council should have concurrence responsibility with local, elected officials in regard to planning and design of the employment and training system. I think that was a point that I earlier tried to make with one of the witnesses, that inasmuch as we perhaps have not sufficiently regarded the private sector, that we are now beginning to do that—we are moving in that direction, and certainly all of the bills, I think, strengthen that concept. But it would be equally a mistake if we ignored the locally elected officials, too. We shouldn't attempt to correct one problem by creating another problem.

I think that you brought that point out very well in terms of what local governing bodies can perform themselves. And I think several of the statements indicated that we should build on the foundation which has already been laid. I recall that when we started, Mr. Hand, who was on the past panel, and Mr. Mettler of TRW, and several others, consulted with my committee in 1978 when we started this. So we have had 3 years of operation.

There are many PIC's that are doing an excellent job and that should not be disrupted. I think that Mr. Freeman also made that point when he said on page 4 of his statement: "The partnership we seek exists only where authority is shared. Shared decisionmaking is another major innovative feature of title VII. Now we are seeking to strengthen, and I think that is the direction in which we are leading."

But let me ask this question. In addition to what I considered to be very excellent statements—I may not agree completely with the bottom line, because they don't always end up endorsing my particular proposal, but I think they contain excellent features.

Are we not more concerned, at the present time, not only with a problem that has been aggravated for a long time, but aren't we concerned with building an employment-and-training policy for the Nation that will incorporate not only youth and the economically disadvantaged, but something which goes beyond that point? Aren't we as a nation faced with a tremendous buildup in the defense industries, with technological innovations, many of which we don't even see at the present time? We currently have a great number of displaced workers who are finding themselves at middle age, and sometimes even beyond that, and may never be retrained, and who will be depending upon welfare or unemployment insurance—aren't we also faced with these other problems?

Now, having said that, and asking you for a response, I go on to say that in the proposal which we have fashioned, we have tried to include this, in a very distinct way, setting out a program together with funding to make sure that we do face this problem. And private industry is doing an excellent job, but it cannot do the job alone; it must have some assistance.

My question is: should not a proposal include also these other groups which have serious problems in the economy today?

Mr. **Freeman**. Mr. Hawkins, I don't have a national perspective, so I have to give you my viewpoint from my local perspective.

There has to be an opportunity for all of these target groups to be included in a local program certainly. We must have the ability to help what is perceived by all of the local institutions to be a needy target group. But it is going to differ substantially between Detroit and Miami and, therefore, the local private industry council has got to have, in my judgment, the flexibility and perhaps the mandate to face those needs as they are developed and perceived by the local community.

But certainly all of those groups that you mentioned are apparent in some of the communities, so, yes, the presentation must include recognition of those needs.

But I don't believe that those needs would be evident in every one of your local PIC operations.

Representative **Hawkins**. They certainly would be in Detroit.

Mr. **Freeman**. Yes, sir.

Representative **Hawkins**. I think we can concede in many other areas, even Los Angeles, the "City of the Angels."

Senator **Quayle**. Senator Hawkins?

Senator **Hawkins**. We've heard some conflicting testimony concerning the need to involve the chief executive officers and business leaders in the PIC. Some witnesses criticized the mandate, which requires the president or the CEO, chief executive officer, of a business and industry to serve and vote on the PIC board, rather than a replacement or a nominee, while others have testified that this mandate is very necessary.

And I would like to hear Mr. Freeman—we talked a little bit yesterday about Eastern Airlines and others in Miami, and how they feel about this, and I wonder if you would share that with this panel.

Mr. **Freeman**. My CEO sent me here today; I am not the CEO. I obviously am opposed to that mandate; it would exclude me from participating. I don't think it's workable; I think having that mandate in is a real negative to the opportunity for success.

Senator **Hawkins**. Thank you. Another question. Do you think that PIC's perform better as incorporated entities that hire their own staff and run their own programs, or as unincorporated advisory bodies to the prime sponsor?

Mr. **Freeman**. Here, again, we are an incorporated, private organization served by an independent board of directors. We have made that work. We feel that it has all of the aspects of management control and negotiating ability and accountability between the funding source and the employers; the intermediary concept is what we believe in, but we are a private organization and we feel that is a very strong part of our success.

Senator **Hawkins**. On Monday, the Boston PIC testified that one of their principal tenets was that the PIC should be a broad-based organization not confined to just CETA issues.

Do you agree with that?

Mr. **Freeman**. I certainly do; I think the PIC should be a leadership group representing the private industries in the community to the rest of the community, and motivating the private sector participation in other efforts.

Senator **Hawkins**. How do you coordinate your employment programs under title VII with other programs in the community, such as the economic development, vocational education, and the U.S. Employment Service?

Mr. **Freeman**. Well, two particular ways; one is through participation in our board of directors. We have representatives of the Industrial Development Authority, and the neighborhood development corporations, and others; the second is through a business dialog that we program about three or four times a year where we meet with the program operators, the media, local government officials, business leadership, and talk about employment-and-training problems.

Senator **Hawkins**. Do any of you others wish to comment on that?

Mr. **Dittoe**. I have a response to two of your questions, and perhaps one to Mr. Hawkins' question also.

As far as incorporating, we have incorporated in Evansville, Ind., and do encourage other organizations around the country to do so. It puts a burden of responsibility when we do that also; we say, yes, we are responsible for hiring staff, it is our responsibility to follow through with the mandate and spend the tax dollars correctly.

I would like to mention that we do have in our bylaws that the membership on the board shall be appointed by the mayor of the city of Evansville and elected by the board. We do have that joint partnership between elected officials. This covers also an eight-county region in southwestern Indiana, but the responsibility is on the mayor of Evansville's shoulders, but it is a cooperative arrangement with the other counties surrounding us.

The second matter concerns chief executive officers serving on the PIC's. Putting on my hat as the chief executive officer of a chamber of commerce, and having been in that business for 12 years, it is increasingly difficult to get the active participation of chief executive officers as a practical matter, particularly in these extremely hazardous and dangerous economic times that we are in.

And we have found in our PIC that the people from the personnel area, the marketing area, that work for the country, in addition to the small business people who have all those responsibilities as their own chief executive officer of a small business, can serve just as well and make just as good decisions—excuse me, other panel members—as the chief executives, because of the different responsibilities that they have within their own corporations.

Senator **Hawkins**. Thank you.

Senator **Quayle**. Thank you, Senator Hawkins. Gentlemen, my questions are very similar to the questions I asked the previous business panel.

First of all, I would like to get your response on the importance of a bipartisan bill as we amplify on the issue of partnership—you are talking public and private, we are talking Republican and Democrat.

Could you briefly just say whether you think that it would be best for the Congress, and from your perspective in the communities that you work for, if bipartisan legislation would in fact emerge?

Mr. Farley?

Mr. **Farley**. I think it would be nice if it were bipartisan, but I don't think it's absolutely necessary. I think the most important thing is to structure the bill in a manner that gets the job done.

And, by the way, I would just like to comment that I really and truly want to congratulate the staffs, Senator Quayle, Mr. Hawkins, and the others, on the labor side, the administration side, for incorporating up to this point an awful lot of things that are very, very good. And I don't think we have very far to go, by the way.

And I also endorse your effort—but this morning I didn't want to start commenting upon particular elements of all the bills. I would much rather—and I applaud the idea of within a week submitting to you comments. I think that is very good.

But to answer your question directly, it would be very, very nice if you had a bipartisan bill. I don't think it is absolutely necessary if somehow it fell out of bed, but it is very important that it be structured to get the job done.

Senator **Quayle**. We will be looking forward to your comments as we proceed.

Mr. Dittoe?

Mr. DITTOE. Yes, Senator, as I drive down Walnut Street in Evansville, Ind., or drive in the rural areas of our State and see people with problems, I don't think of them as Republicans or Democrats; I think of them as Americans with problems that our private industry council need to address. So a bipartisan bill I think is absolutely necessary, because it will be an American bill.

Senator QUAYLE. Thank you very much, Mr. Dittoe. Mr. Heidel?

Mr. HEIDEL. I agree with the statements of the first two gentlemen here, but I do think that it is important that priority be given to the way that the money is distributed in this whole bill revision, and if it can't be bipartisan to get that, I guess I think I would give that up in favor of getting the priorities in the right order.

Senator QUAYLE. Mr. Reed?

Mr. REED. I see it as a nonpartisan issue as opposed to bipartisan. As Mr. Hawkins has indicated, the objective is for a national manpower plan for labor force mobilization. And if we are to realize that national objective, I think it begins by each individual PIC being efficiently organized and effectively operated, which then collectively creates the foundation for what Mr. Hawkins has expressed as a national objective.

Senator QUAYLE. I believe in a national scope that the best way to get that kind of consensus and coalition is through—if you want to substitute the word "nonpartisan" for "bipartisan," that's fine, I won't argue over semantics. What I am talking about is the coming together of groups, and I believe that it would be very important from a national level if we focus on a bipartisan issue that is going to be reflected—as Mr. Dittoe says, he talks to people, he doesn't look at them as Republicans or Democrats, he looks at them as people.

And so if we can drop our partisan points of view that sometimes surface in this thing, I think we would all be very well served.

Mr. REED. That's exactly what I am saying.

Senator QUAYLE. Mr. Freeman?

Mr. FREEMAN. Yes; I agree with that, it will increase your opportunity.

Senator QUAYLE. Let me ask quickly on the issue of stipends, which I asked the other group.

Do you believe that we ought to have an absolute prohibition on the provision of allowances, stipends, that particular issue?

Mr. Freeman?

Mr. FREEMAN. I think that the funding source, whatever it finally ends up being—the Governor's council or the U.S. Department of Labor, it really doesn't make any difference—the funding source and the local PIC have got to have the opportunity to negotiate those deals. However, I do think that there should be rather narrow application, particularly of stipends, if any.

But there do have to be opportunities for the local PIC using the funding source money to provide for medical assistance, for transportation, for day care—some of the extraordinary needs of these target populations. I think it should be available.

Senator QUAYLE. You would have some flexibility, then, and not an absolute prohibition.

Mr. Reed?

Mr. **Reed**. Each area of the country is different, the environment is different for each PIC territory. Therefore, I think a strong case exists favoring flexibility at the local PIC level to determine whether stipends are to be made available.

Senator **Quayle**. Mr. Heidel?

Mr. **Heidel**. I would prefer some sort of system where grants are given to the State; so that it can be decided at the local level, because in Michigan, for instance, we have a very comprehensive unemployment compensation system that goes far beyond many other States. For that reason our situation is a little different, that coupled with this tremendous problem I outlined.

Senator **Quayle**. You would not be for an absolute prohibition.

Mr. **Heidel**. Right.

Senator **Quayle**. Mr. Dittoe?

Mr. **Dittoe**. It is indeed an economic problem and a social problem as well, I don't think we can get away from that, and I have referred to the advance copy of the bill that was sent out. It says the objectives of the bill, purpose, by concentrating on job training rather than on income maintenance. We very firmly believe in that, that job training is the important part.

But the legislation continues by saying: By establishing performance standards which measure results rather than process, and by integrating job training with related programs. It is a combination of an economic development program within the community certainly, but it is also a social program as well, not income subsidy per se, but it is a dual responsibility that we have at the local level.

Senator **Quayle**. Mr. Farley?

Mr. **Farley**. The thrust of the bill should be clearly targeted to the group that we are interested in, the unemployed people, but being in practice we have had to provide on occasion some transportation and so on.

And so I say a very, very small amount of flexibility for very small items, but don't allow it to become one where it is more attractive to stay in training than go get a job.

Senator **Quayle**. I think that is a very good point to end on. I certainly agree with that: We are talking about training, and we don't need another income maintenance program.

Mr. Farley, Mr. Dittoe, Mr. Heidel, Mr. Reed, and Mr. Freeman, thank you all very much for a fine presentation.

Our next panel, Mr. Hardman and Mr. Sofield.

Mr. Hardman?

STATEMENTS OF WILLIAM E. HARDMAN, EXECUTIVE VICE PRESIDENT, NATIONAL TOOLING & MACHINING ASSOCIATION; AND RAYMOND L. SOFIELD, NATIONAL PRESIDENT, INDEPENDENT ELECTRICAL CONTRACTORS, INC.

Mr. **Hardman**. Thank you, Mr. Chairman. My name is William E. Hardman and I am the executive vice president of the National Tooling & Machining Association, and the industry represents 14,000 companies and 350,000 skilled workers in the United States.

The tooling and machining industry is critical to our country's economic health as it makes possible the existence of virtually every other manufacturing industry. Tooling, in its simplest sense, is the means of production.

I am going to try to summarize my statement and dwell on the main points that I wish to make.

At the core of the industry are the most highly skilled workers in the United States. Without these workers, our members cannot survive. Consequently, the single issue of greatest importance to them is a shortage of skilled labor. The shortage will only be eliminated through training. That is why I appreciate the opportunity to appear here today.

Unbelievable as it may sound considering the current high level of unemployment, there are thousands of jobs available for workers with high levels of skill. In a September 1981 survey, just barely 6 months ago, of over 80 percent of our membership we identified a need for 31,772 journeymen, even under the current slump conditions. When increased demands for military hardware reach the subcontractor level and when the private sector recovery begins hopefully later this year, the Nation will find that limitations in the skilled worker pool will seriously affect both.

The private sector cannot eliminate the skills shortage on its own. The cost of training the highly skilled, as opposed to the semiskilled, is extremely high. Much of the training is done by small companies, because that is where the jobs are. Their modest profits, however, do not allow them the luxury of large sums for training programs. Where shortages of skilled labor already exist, there are usually serious backlogs.

S. 2184, sponsored by Senator Hatch and Senator Quayle, represents an important step forward in terms of the Federal Government's involvement in training. Based on my involvement of over 30 years in skills training, both in the private sector and with federally funded programs, I can categorically state that the legislation before this committee will reverse a long-term decline in the effectiveness of Federal dollars expended on training. In the evolution of Federal involvement in training, first through the Manpower Development and Training Act, and later through CETA, we saw the employers' role in the training process decline and job need objectives gradually replaced by social objectives.

One of the strengths of S. 2184 is that it increases the participation of the business community in determining the expenditure of funds provided to the States. Businessmen and women are obviously in the best possible position to identify what jobs are available, and their increased role is bound to increase their commitment to the program, with all due respect to Mr. Hawkins. With 97 percent of the job training funding going to the States in direct block grants alone, it also represents a tremendous increase in the efficiency of the program, that is to say that a much higher proportion of the funds will actually be spent on training than under CETA. In short, the administrative bureaucracy should be much less.

The transition proposals are among the best features of S. 2184. The dramatic shift in efforts from the Federal to the State level is not going to be easy under any circumstances, but this bill allows the time, the flexibility, the means to minimize the problems and maximize the efficiency.

Another aspect of the proposal is that it provides rewards to the States most effectively carrying out their training responsibility. This will contribute even more to the efficiency of the Federal expenditures and will hopefully encourage the States to evaluate on a program-by-program basis.

Finally, the bill focuses Federal dollars on those who need help and who draw most heavily on support from other Federal programs. Thus, Federal liabilities will be reduced at the same time that jobs are created.

Despite the positive aspect of the aforementioned observation, there is one potential conflict in the area of training objectives that these subcommittees will need to face very soon, if not now. That conflict lies in the fact that social objectives are not necessarily compatible with the objective of solving worker needs in the private sector, particularly the need for skilled workers. Part of the reason for the present shortage is that many of these jobs demand the highest levels of math aptitude, mechanical ability, dexterity, and analytical skills. Not everyone, regardless of his level of education, has these aptitudes and skills. To illustrate the point, if the Senators and Congressmen are interested, there are a couple of prints here you might look at to get an idea of the level of training we are talking about.

The point that these subcommittees must recognize is that part of the cause of our current problem is due to past programs that concentrated totally on social uplift rather than on placing qualified people in existing jobs, jobs that offer the employee a stable future.

[The chairman gavels.]

Senator **QUAYLE**. If you can summarize in 10 seconds, and we will include your statement in the record.

Mr. **HARDMAN**. Can I have 10 seconds?

Senator **QUAYLE**. Ten seconds—first request granted today.

Mr. **HARDMAN**. There are several bills extant. We support S. 2184, if there is only going to be one bill, but we also suggest that you take several more weeks and look at all the other bills you have. All of the elements of a good, small, airtight omnibus bill are there, and maybe you ought to be thinking in terms of that instead of a somewhat single-purpose bill.

Thank you.

[The prepared statement of Mr. Hardman follows:]

PREPARED STATEMENT OF MR. HARDMAN, NATIONAL TOOLING & MACHINING ASSOCIATION

Mr. Chairman and Members of the two Subcommittees, my name is William E. Hardman and I am the executive vice president of the National Tooling & Machining Association. The National Tooling & Machining Association represents 14,000 companies and 350,000 skilled workers in the United States. For the most part, NTMA members are small businesses, yet the industry generates sales in excess of $20 billion a year. Our members design and manufacture tools, dies, jigs, fixtures, gages, special machines (automation), and precision production parts. Many firms specialize in experimental research and development work.

The tooling and machining industry is critical to our country's economic health as it makes possible the existence of virtually every other manufacturing industry. Tooling is, in its simplest sense, the means of production. In its current modern industrial usage, tooling refers to the special, often one-of-a-kind products which are employed to manufacture goods, generally in quantity, to desired levels of uniformity, accuracy, inter-changeability, and quality. It includes several machine tools or machining systems which serve a specific function or series of functions related to the manufacture of specific end products. Machining involves the use of mechanical, electrical, chemical, and photo-optical techniques to form material, usually metal, under precisely controlled conditions.

Our industry supplies the necessary precision tooling and machining for such vital industries as defense, automotive, aerospace, appliance, business machines, electronics, agricultural implements, ordnance, transportation, environmental, construction equipment, nuclear, and many more. In point of fact, nearly every manufacturer does business at one time or another with the contract tooling and machining industry.

At the core of the industry are the most highly-skilled workers in the country. A journeyman must complete a four-year apprenticeship requiring 576 hours in the classroom and 8,000 hours of on-the-job training. Without these workers, our members cannot survive. Consequently, the single issue of greatest importance to them is a shortage of skilled labor. The shortage will only be eliminated through training. That is why I appreciate the opportunity to appear before you today.

Unbelievable as it may sound, considering the current high level of unemployment, there are thousands of jobs available for workers with high levels of skill. In a September 1981 survey of over 80 percent of our membership, we identified a need for 31,772 journeymen, even under current slump conditions. When increased demands for military hardware reach the subcontractor level and when the private sector recovery begins later this year, the Nation will find that limitations in the skilled worker pool will seriously affect both.

The private sector cannot eliminate the skills shortage on its own. The cost of training the highly skilled, as opposed to the semi-skilled, is extremely high. Much of the training is done by small companies because that is where the jobs are. Their modest profits, however, do not allow them the luxury of large sums for training programs. Where shortages of skilled labor already exist, there are usually serious backlogs.

S. 2184, sponsored by Senator Hatch and Senator Quayle, represents an important step forward in terms of the Federal Government's involvement in training. Based on my involvement of over 30 years in skills training, both in the private sector and with federally-funded programs, I can categorically state that the legislation before this committee will reverse a long term decline in the effectiveness of Federal dollars expended on training. In the evolution of Federal involvement in training, first through the Manpower Development and Training Act, and later through CETA, we saw the employers' role in the training process decline and job need objectives gradually replaced by social objectives.

One of the strengths of the proposal is that it increases the participation of the business community in determining the expenditure of funds provided to the States. Business men and women are obviously in the best possible position to identify what jobs are available, and their increased role is bound to increase their commitment to the program. With 97 percent of the job training funding going to the States in direct block grants alone, it also represents a tremendous increase in the efficiency of the program—that is to say that a much higher proportion of the funds will actually be spent on training than under CETA.

The transition proposals are among the best features of S. 2184. The dramatic shift in efforts from the Federal to the State level is not going to be easy under any circumstances, but this proposal allows the time, the flexibility, and the means to minimize the problems and maximize the efficiency.

Another positive aspect of the proposal is that it provides rewards to the States most effectively carrying out their training responsibility. This will contribute even more to the efficiency of the Federal expenditures and will hopefully encourage the States to evaluate on a program-by-program basis.

Finally, the bill focuses Federal dollars on those who need help and who draw most heavily on support from other Federal programs. Thus, Federal liabilities will be reduced at the same time that jobs are created.

Despite the positive aspect of the aforementioned observation, there is one potential conflict in the area of training objectives that these subcommittees will need to face soon. That conflict lies in the fact that social objectives are not necessarily compatible with the objective of solving worker needs in the private sector, particularly the need for skilled workers. Part of the reason for the present shortage is that many of these jobs demand the highest levels of math aptitude, mechanical ability and dexterity, and analytical skills. Not everyone, regardless of their level of education, has these aptitudes and skills. To illustrate the point, I would like to pass around a copy of a typical blueprint for a part, which could easily be produced by a second year apprentice.

The point that these subcommittees must recognize is that part of the cause of our current problem is due to past programs that concentrated on social uplift rather than on placing qualified people in jobs that exist. Jobs that offer the employee a stable future. Many of those eligible under section III of the legislation will not be qualified for highly skilled jobs. They will lack the aptitude, the basic skills, or both. It is our experience after 17 years of involvement in federally-funded training programs that only a low proportion of those eligible can effectively be trained for the highest levels of skilled employment. Employers of skilled labor can and should train every individual from the eligible ranks who has a reasonable chance of succeeding in this field. We believe, however, that even after doing so we will still be facing a shortage of skilled labor in our industry and in others like it.

For that reason, we also endorse the concept incorporated in S. 2038, the Defense Procurement Training Demonstration Project Act, introduced by Senators Quayle and Pell. It would allow the Secretary of Defense to selectively identify areas where shortages of skilled labor exist and, at his discretion, to require training necessary to the completion of the contract or subcontract. Training costs would be passed through and would not be considered as part of any contract or subcontract. The only suggestion we would make is that the minimum contract figure be lowered from $10,000,000 to $50,000 and that subcontractors be specifically included since that is where the greatest shortages exist.

Another excellent approach to the same goal has been introduced by Senator Hatch and Congressman Don Bailey. The Critical Industry Reindustrialization Tax Act, S. 1813 and H.R. 3752, would authorize tax credits to encourage skills training. Eligibility would be limited to skills where significant shortages exist and which are critical to our defense industrial base. The Secretary of Labor and/or the Secretary of Defense would determine which skills, if any, met the criteria. Eligibility would terminate once the deficiency was made up. Revenue losses would be minimal, perhaps $300 million under a static model with heavy utilization, and much, much less when the feedback of additional income and corporate taxes are factored in.

We also support aspects of the Jobs Creation Tax Act, H.R. 3726, introduced in the last session by Congressman Nowak. It would add a "bonus credit" to a "base credit" to encourage the hiring of employees in industries experiencing a shortage of skilled labor. Under the bill, all employers would be allowed a per-employee tax credit during the first year of employment. A bonus credit would be added for each of two years if the employee is receiving skills training in an industry with labor shortages. A similar bonus credit applies to employers in distressed areas. H.R. 3726 is one of the first bills to recognize the seriousness of the skilled labor shortage in this country and the economic differentials involved in training the highly skilled.

In summation, we want to affirm our support for S. 2184, the Job Training Act of 1982. We pledge to work hard to place as many of the eligible participants as possible in high-paying jobs in the tooling and machining industry. At the same time, we hope that the subcommittee members from both Houses of Congress will realize that this is not going to solve the shortage of skilled labor in this country and we request that you seriously consider further hearings to look into this subject once action on the legislation currently before you is completed.

Better yet, if you wish to address the entire area of training in the context of current unemployment rates, the need for social uplift, and the shortage of skilled labor, you might wish to take a few more weeks and amalgamate the best of each of these bills, resulting in a small, airtight omnibus piece of legislation. You have all of the needed elements.

I very much appreciate the opportunity to appear here today.

Thank you.

Senator QUAYLE. Thank you very much, Mr. Hardman. Mr. Sofield?

Mr. SOFIELD. Mr. Chairman, my name is Raymond L. Sofield. I am the owner of the Centennial Corp.; we are an electrical contracting firm in Crofton, Md. I am here today to present the views of the Independent Electrical Contractors, Inc. [IEC], a nationwide association of which I am president.

As sponsors of a federally approved apprenticeship training program, and as representatives of the largest subtrade in the construction industry, IEC is extremely concerned about the future of the Federal Government's policy on employment and training. My written testimony goes into greater detail about our concerns. However, in the brief time allotted for verbal testimony, I would like to confine my remarks to those areas of most importance to IEC.

Mr. Chairman, regardless of what final form these employment and training programs take, IEC feels it to be imperative that the assistance paid for by our tax dollars be in such a form that it provides access to permanent employment through proper training. Let's not return to the theory of creating jobs only to have them disappear when the Federal funds dry up. Combined in the four major bills before this committee are the elements necessary to have a realistic, cost-effective employment policy.

Our association would like to go on record in the following areas:

First, IEC strongly supports the structuring of private industry councils as set forth in these bills, as they more clearly define the leadership role business must play in employment and training if these programs are to succeed.

Also, we feel that authority, as well as responsibility must be given to local PIC's in determining the best usage of any funds. Obviously, this will entail an area-by-area determination of needs and programs to meet these needs. These determinations cannot be made at a national level, or by those not directly involved in the local business communities.

Second, IEC is completely opposed to any imposition of Davis-Bacon requirements on workers funded by this program, and is also opposed to any use of funds for either union or antiunion activities.

Third, and most important to IEC, is the area of training. IEC supports the language in both Congressman Hawkins bill (H.R. 5320) and the administration's bill (S. 2184) that specifies apprenticeship training as one of the programs that should be utilized to achieve the intent of the program. While IEC believes that performance standards must be established locally, as called for in the administration's bill, there should also be an attempt in this legislation to encourage the usage of existing systems to place targeted people in the work force. Apprenticeship training offers perhaps the best vehicle for accomplishing the goal of increased employment through a joint public-private effort. For example, in the electrical contracting trade, we can reasonably predict a need for, let's say, 50 first-year apprentices in an area in 1 year's time. However, there is a catch. In order to be able to learn the electrical trade, a person must be able to read at a certain level. Under a truly effective employment and training program, we would offer assistance to local schools to help bring approximately 60 targeted persons up to entry-level reading skills, partially fund the cost of the first 6 months apprenticeship training for these 60 people (6 months is the normal probationary time), and, assuming a normal dropout rate, place the remaining 50 in full-time productive jobs that were known to be available, with the private contractor now assuming all training costs.

The results: A short-term investment in permanent employment, with Government assistance ended to these 50 people.

I would like to take this opportunity to offer IEC's 25 years of experience in this area to assist the committee and staff who will be formulating our national training policy. Obviously, Mr. Chairman, we support a program that encourages and rewards the use of apprenticeship training as the means to upgrade our work force.

Finally, IEC would like to go on record as supporting a business-government partnership that will be able to stand on its own legislatively and not be regulated into uselessness. To accomplish this, we believe the overall flexibility and locally oriented provisions of the administration's bill best meet the Nation's current employment and training needs.

Mr. Chairman, I have tried to be as specific as possible about our concerns. But, again, my written statement addresses other areas of this program.

I deeply appreciate the opportunity to appear before this joint committee, and I hope the other members of the construction community follow the lead of IEC.

I would be happy to answer any questions.

Senator **Quayle**. Thank you, gentlemen. I have one question of both of you.

In title V of the bipartisan bill—it's also in the administration bill, it's also in the Hawkins bill—everybody is referring to the problem that we have with the dislocated workers.

I wonder if you might give us an indication whether you think that retraining some of these experienced workers might be utilized in filling the needs of our skilled labor force today.

Mr. Hardman?

Mr. **Hardman**. The answer is yes; partially. We could certainly do a partial number there, but in the State of Michigan alone there are too many people involved without moving them out of the State to absorb the whole unemployed group of displaced workers. However there are very definitely some excellent candidates for retraining in that total group.

Senator **Quayle**. So you believe that a focus and an emphasis should be placed on retraining some of our dislocated workers?

Mr. **Hardman**. I think they should constitute the first pool that we go after in our training effort at this time.

Senator **Quayle**. Mr. Sofield?

Mr. **Sofield**. I have to agree with Mr. Hardman. We have. certain industries that are slowly, not failing but dissipating the amount of employees they have had over the years. Where are these people going to go? I think if the training is available for these people, there are other areas of the country that they could work in and be productive, if properly retrained from their existing jobs into a new position—yes; with limitations.

Senator **Quayle**. With limitations?

Mr. **Sofield**. Yes.

Senator **Quayle**. What limitations do you have in mind?

Mr. **Sofield**. We don't want to train for the sake of retraining. When you take a man out of a job—let's say we take an electrician, electrical work is getting bad, we take a man out of electrical work where his heart is, and we say, OK, in order to make a living we are going to train you as a machinist—and we train him as a machinist and he goes to work for some company doing machine work, and in a year or two years down the line maybe the electrical industry comes back a little bit, and this man says, well, that's my first love. So out of the machine business he goes back to the electrical business.

And as long as we can keep him in one industry or the other, without having him floating back and forth and not becoming a real professional in either one.

Senator **Quayle**. How about the definitional term for that displaced worker that has no real chance of going back to that place of employment? According to testimony that we have had with the Department of Commerce—let's take the auto industry, for example; they have estimated, even with the recovery of the total economy, and more particularly recovery in the auto industry, that, directly or indirectly upward of 500,000 people in the auto industry have no real chance of going back to work.

Now, under that definition, don't you believe that we ought to start talking about training for a new skill?

Mr. **Sofield**. Yes.

Senator **Quayle**. Thank you. Mr. Hawkins?

Representative **Hawkins**. May I commend both witnesses, who seem to be saying the right things but ending up, again, out in the thickets.

Mr. Hardman, you speak of jobs at the highest level of aptitude in math and mechanical ability, dexterity and analytical skills. Just in what way, under the proposals that you have mentioned that are before this committee, will they reach this group if the emphasis is on the most economically disadvantaged group?

Are you saying, with the amount of funds that are being proposed—certainly the administration's bill of roughly the expenditure in fiscal year 1983 of $900 million, and they are going to train 1 million people which is less than $900 per person—do you think that you are going to get any recruits out of that type of a proposal and train them in the highest levels of math aptitude, mechanical ability, dexterity, and analytical skills?

Mr. **Hardman**. We will get some—not enough, the alternatives being, that there are other pieces of legislation in the hopper at the moment——

Representative **Hawkins**. I mean under the pending one. I think you had to go out to lean on other bills that are not even being considered as such by these joint hearings. I am talking about the proposal to replace the CETA legislation which is expiring and roughly the four bills that——

Mr. **Hardman**. The answer is simply we would not get as many out of that group as we would wish.

Representative **Hawkins**. Do you think you will get any, unless you broaden the legislation to include other than the economically disadvantaged and those that are referred to as the truly needy by the administration?

Mr. **Hardman**. Our experience and methods of training and selectivity have been such, over the last 18 years, that we have been able to draw people out of these groups—never enough, but certainly we have probably done as much as any industry to put disadvantaged persons into skilled jobs.

Representative **Hawkins**. Well, let's say you have only less than $900 to work with. Would you have to select pretty much the job-ready ones?

Mr. HARDMAN. I don't believe the money is apportioned exactly that way.

Representative HAWKINS. It may be less than that, you are right. I am using the most optimistic estimate I possibly can to reach some degree of discussion.

Well, let's take the total amount of $1.8 billion, with only $900 million to be expended in fiscal year 1983—let's take that. Do you think that is adequate for the size of the job that we are now facing?

Mr. HARDMAN. You are doing a quick arithmetical average, and that isn't the way it is going to happen. There are going to be trainees that are going to get a certain amount of training for $300 or $400 or there are going to be some that get trained for $1,200 or $1,400 or $1,600 or $2,000, and that is the way it always falls with these programs.

Representative HAWKINS. Well, the Devil is going to take the hindmost, that's for sure. But do you think that is the size—that type of suggestion is the size of the type of proposal that we should be considering to reach the needs of the Nation at this time without about 15 million persons unemployed?

Mr. HARDMAN. I think, Congressman, that the bill that we are talking about, and the kind of money we are talking about, is probably all this Nation can afford at the moment, highly inadequate to do the job, but nevertheless, on the pragmatic side, all we can afford right now.

Representative HAWKINS. Well, if they become an employee in your industry, they are going to return a lot of money, so would training then be a waste of money or would it be cost-effective to train them and have you hire them? You say there are jobs available. Don't you think it would be better to do it than put them on welfare or have them drawing unemployment insurance? Can't we use some of that money to train the individuals and provide a more adequate sum, and therefore reduce the deficit?

Mr. HARDMAN. Well, my statement says that we are going to support S. 2184, and we will pledge to do as much as we can in hiring people under that law, if it is made into law. Beyond that we will be much more interested in another approach to the situation which would not cost the Government any money.

Representative HAWKINS. Thank you very much.

Senator QUAYLE. Senator Hawkins?

Senator HAWKINS. We have heard testimony here for days about the thousands and thousands of jobs that are available that require the high level of skill, and I am wondering what are your views regarding an upgrade program that I was very impressed with in Broward County, which is Fort Lauderdale in Florida, where the electronics companies in the area select current employees through screening and give them advanced training to fill the technical jobs that are available. Then they hired the CETA-eligible workers with no skills to fill the entry-level positions that were created by the upgrading of the employees that they already had. A tremendously successful program in Fort Lauderdale.

And I was just wondering would that be helpful in your areas?

Mr. HARDMAN. Upgrading always goes on in our industry. You probably have forgotten, Senator, that we have been operating programs and pulling from CETA in Broward County, in Dade County, in Palm Beach County, in Orlanda, and in Tampa-St. Pete—and we are very successful there, and have probably an envious record as far as that goes.

Senator **Hawkins**. Do you approve of that process where you take current employees and advance them and that creates vacancies for CETA people?

Mr. **Hardman**. Absolutely, so long as the incoming ones meet the selectivity requirements.

Senator **Hawkins**. Surely. Do you have any comments on that?

Mr. **Sofield**. I think that is a very important part. There has to be some vehicle to bring people that are at a certain position in an industry up to a better position in that industry, using the background and knowledge that they presently have. This opens the door to fill these under slots with the type of people that we are looking at training here, and giving them the chance to move up.

Senator **Hawkins**. Thank you.

Senator **Quayle**. Mr. Hardman and Mr. Sofield, we thank you very much.

Our next panel is Mr. Cook, Mr. Tershy, and Ms. Bambery.

Mr. Cook?

STATEMENTS OF DONALD M. COOK, DIVISION VICE PRESIDENT, GOVERNMENT SERVICES, RCA SERVICE CO., RCA CORP.; RUSSELL TERSHY, EXECUTIVE DIRECTOR, CENTER FOR EMPLOYMENT TRAINING, SAN JOSE, CALIF.; AND PATRICIA A. BAMBERY, VICE PRESIDENT OF EMPLOYMENT AND TRAINING CONTRACTS AND PRODUCT DEVELOPMENT, CHRYSLER LEARNING, INC., CHRYSLER CORP., A PANEL

Mr. **Cook**. Mr. Chairman and members of the committee, I am Donald Cook, division vice president, government services, for a major division of the RCA Corp. Having been intimately involved in the design, operation, and management of training and education programs for more than 60 years, RCA has followed the recent debate over national training policy with great interest. Consequently, my purpose in testifying is to suggest a few key principles which I believe should be incorporated in any new job-training legislation.

During the past 10 years, RCA has operated a CETA program in New York City with responsibility for training, design, and placement of graduates in unsubsidized employment. Our contract is performance based; that is, it is predicated on achieving placement goals.

We have reason, with the citizens of New York, to be proud of this program: 6,000 graduates in full-time unsubsidized employment, mostly in the private sector; the contract goals have been exceeded by placing 85 to 90 percent of the graduates; the annual salary of graduates placed averages twice the unit training cost; and, most importantly, the groups served by this program include the economically disadvantaged, welfare recipients, ex-offenders, ex-addicts, ex-alcoholics, nonnative speakers of English, and the physically and mentally handicapped.

And, by the way, Senator, I would like to see that all of these people are given the benefit of any new legislation.

These accomplishments in New York are mirrored by those of the CETA program we operate in rural areas of Oregon. RCA's responsibilities there include recruiting and eligibility certification, managing training activities, selecting training subcontractors, placing graduates in unsubsidized jobs, and managing all funds, including stipends to the trainees.

I have cited these accomplishments because I believe our success can and is replicated in other contexts and by other operators. What is needed is the incorporation of several key principles into the new legislation, and I suggest that these kinds of recommendations, if incorporated, will reduce the possibility of fraud, abuse, or fiscal mismanagement drastically in their activity.

My first recommendation is to encourage private sector management to the fullest extent possible, not advisory management. I am not suggesting the exclusion of the community-based organizations nor a takeover of the national training system by the private sector. Rather, I do suggest that new legislation encourage the private sector to do what it does best, and that is to manage.

I believe we can agree that the standard for measuring success in a training program is the placement of its graduates. Most unsubsidized jobs are in the private sector and, therefore, the private sector organizations understand the training needs and are more readily accepted by other private sector employers.

My second recommendation is to establish and implement true competitive bidding procedures similar to those utilized by Job Corps. Competition among qualified organizations benefits all parties by encouraging innovation and realistic costs.

Third, I recommend using contracts that are performance based and extend for more than 1 year. The contracts should contain performance goals that are realistic in light of the local economic conditions and those that can be stringently applied. Such contracts offer two major advantages: (1) a predetermined standard for measuring contractor performance; and, (2) an incentive for the contractor to operate an effective program. Contracts which run for more than 1 year offer a greater chance of program continuity than exists within the current system.

My fourth recommendation is to insist that local decisionmaking units, whether prime sponsors or private industry councils, contract out all or at least the vast majority of the programs for which they are responsible.

I have reserved comment on Job Corps for last because I believe that the new legislation should permit this exemplary program to continue on its current course. Rarely, in my experience, has any program proved as consistently effective, measured by any reasonable set of criteria, as Job Corps.

RCA has intimately and proudly worked with Job Corps since its inception. We now operate 11 centers across the country, and over the years the Job Corps has been exceptionally effective in improving the life chances of over 700,000 young people, most of whom would not be touched by our current structure.

More than 80 percent of the corps members completing their training are placed in unsubsidized employment, the military, or continuing education, or training.

Job Corps prepares these young people in more than 160 occupations currently in demand in today's labor market.

The most significant factor is that the Job Corps represents a viable and an enthusiastic partnership among the Federal Government, large and small businesses, and organized labor. It should be retained as a national program. Only a national program for these young people can offer a diversity of opportunities and insure the application of uniformly high standards of performance.

It should also be retained with a strong network of Federal regional offices to monitor and handle the contracts.

And, (3) training slots should be maintained at least at 42,000, which is the current level. This number barely scratches the surface of the universe of disadvantaged young people for whom Job Corps may be a last chance at full participation.

Let me conclude by reiterating that the Job Corps is the most effective civilian training program ever undertaken. It has gained support from both parties and both Houses of Congress, from the administration, from organized labor, and from the industrial community. This type of strong support and effective partnership is the key to the success of the program.

Thank you.

[The prepared statement of Mr. Cook follows:]

Statement of

Donald M. Cook
Division Vice President, Government Services
RCA Service Company
A Division of RCA Corporation

Presented at

Joint Hearings of
Senate Subcommittee on Employment and Productivity
and
House Subcommittee on Employment Opportunities

March 18, 1982

Mr. Chairman and members of the Committee: I am Donald M. Cook, Division Vice President, Government Services for RCA Service Company, a major operating division of RCA Corporation, headquartered in Cherry Hill, New Jersey. RCA Service Company employs nearly 14,000 people who perform engineering, technical, educational, and support services for industry, the consumer, and government. My responsibility covers all services to federal, state, and local governments. We have 7,500 employees engaged in this work in this country and abroad.

Thank you for this opportunity to testify on employment and training policy. RCA has been intimately involved with the design, operation, and management of training and education programs for more than 60 years and has followed the recent debates over national training legislation with great interest. As a large private sector company which operates Job Corps centers and also urban and rural CETA programs, RCA is in a unique position to share with this committee the benefits of our corporate experience relating to the design and operation of cost-effective training programs.

My purpose in testifying is to suggest a few key principles which I believe should be incorporated into any new job training legislation. As a preamble, I would like to take a few moments to summarize RCA's current experience and qualifications in the field of education and training, since lessons learned from this experience form the basis of my recommendations to this committee. In relation to existing CETA legislation, this experience falls within two major areas: the operation of Job Corps centers and the management and operation of nonresidential, shorter term training programs. Within the nonresidential program area, RCA operates two different sets of programs, both funded by local prime sponsors. While the programs differ in locale and in the types of population served, each is noteworthy as an example of benefits which may accrue to national and local governments and program participants from private sector management.

During the past ten years, RCA has operated a training program in the five boroughs of New York City, under contract to the New York City Department of Employment. RCA's responsibilities include the design and operation of training programs and the placement of those completing training into unsubsidized employment. Responsibility for the recruitment of trainees rests with the city's Department of Employment. The contract between RCA and our customer is performance-based; that is, it is predicated on the accomplishments of placement goals.

We at RCA are particularly proud of the accomplishments of this program, the most important of which I would like to summarize for you.

- In the past 8 years, RCA has placed over 6,000 graduates from this program into full-time unsubsidized jobs, the great majority of which have been in the private sector.
- RCA has routinely placed between 85 and 90 percent of the graduates of the program, thereby consistently exceeding contract placement goals.
- On average, the annual salary of graduates placed is at least twice the unit training cost.
- The groups served by this program include the economically disadvantaged, welfare recipients, exoffenders, exaddicts, exalcoholics, and nonnative speakers of English, as well as the physically and mentally handicapped.

These accomplishments, which represent consistent results achieved over the last several years, are mirrored by those of the CETA programs operated by RCA in a four-county rural area of Oregon. RCA's responsibilities in this program, which it operates under contract to the Prime Sponsor, the Oregon Consortium, include the recruitment and eligibility certification of participants, the management of training and selection of appropriate training subcontractors, the placement of graduates into unsubsidized employment, and the management of all funds, including stipends to trainees.

At the time RCA assumed these management responsibilities, the program was experiencing poor performance and audits which identified a large array of questioned costs and unallowable expenditures. RCA has managed the program in Oregon for the past 15 months and in that time has accomplished the following:

- Reduced operating costs by approximately 20% and reduced staff by 33%, while achieving the highest placement rate in the state across all CETA titles.
- Instructed other service deliverers in the area in placement techniques which are effective in the private sector.
- Established performance-based subcontracts with nonprofit training organizations thus putting them on a more businesslike footing.
- Consistently exceeded contractual performance goals as a result of relationships RCA has established with the business community.

Finally, and given the situation which existed when RCA assumed responsibility for the program, this is particularly noteworthy, the audit just conducted by the federal government on RCA's first year of operation has not identified any questioned or unallowable costs.

In view of the fact that the effectiveness of CETA programs is being debated with increasing intensity and their financial management called into question, RCA's accomplishments stand in stark contrast to many existing preconceptions about CETA.

Yet I have cited them not because I wish to suggest that only programs operated by RCA are successful, but because the success which we have enjoyed can be replicated in other contexts and by other operators. What is required is the incorporation of several key principles into any new legislation which will fund nonresidential employment and training programs. I suggest to you that if these recommendations are so incorporated, the probability of successful, cost-effective training will be substantially increased, and the possibility of fraud, abuse, or fiscal mismanagement drastically reduced.

My first recommendation is to encourage private sector management to the fullest extent possible, through the competitive bidding process. As I am sure you are aware, the present legislation, with the exception of the Job Corps title, discourages such participation by encouraging prime sponsors to give special consideration to community-based and other nonprofit corporations.

I am not suggesting the exclusion of community-based organizations, nor suggesting a takeover of the national training system by the private sector. Rather, I do suggest that the new legislation encourage the private sector to do what it does best, which is to manage. As we have demonstrated in Oregon, the private sector and its nonprofit colleagues can work together effectively through a subcontracting relationship, so long as private sector management can create a performance-based context in which all partners are fully accountable. Because performance orientation and bottom-line accountability are intrinsically associated with success in business, the private sector is well equipped to manage such a cooperative venture.

Also, the standard by which the success of a training program can be measured is the extent to which its graduates are placed and retained in unsubsidized employment. Most employment opportunities of this nature exist within the private sector of the economy. It is axiomatic then that private sector organizations have a better understanding of private sector training needs and more immediate acceptance by other private sector employers than do most nonprofit training organizations.

Finally, from the standpoint of contract administration and fiscal control, the benefits to be gained from private sector management are substantial. Management systems that permit and indeed insist upon tight controls based on timely and accurate information already exist within the private sector and are easily applied to the management of contracts.

My second recommendation is to establish and implement true competitive bidding procedures similar to those utilized over the past several years for Job Corps operations. Competition among qualified organizations benefits all parties by encouraging innovation and realistic costs.

Thirdly, I recommend the use of contracts that are both performance-based and extend for more than one year. The contracts should contain performance goals that are realistic in light of local economic conditions and that can be stringently applied. Such contracts will offer two major advantages: (a) a predetermined standard against which a contractor's performance can be judged and (b) an incentive for the contractor to operate an effective program. Contracts which run for more than one year, provided that performance goals have been met, offer a greater chance for program continuity than exists within the current system.

My fourth recommendation is to insist that local decision-making units, whether prime sponsors or Private Industry Councils, contract out all or at least the vast majority of the programs for which they are responsible. There are two major reasons for this recommendation:

a. Permitting prime sponsors or Private Industry Councils to acquire program staff to operate training programs creates another series of special interest groups which would tend to resist subsequent changes in national manpower policy.

b. The creation of additional organizations for the operation of training programs not only unnecessarily duplicates functions already available in the private and public sectors but has in the past created competition between the two types of organizations. That is to say, a prime sponsor or a Private Industry Council which has the responsibility for diagnosing local training needs and deciding how federal funds will be spent at the local level should not have the latitude of also operating programs when a wide range of external service providers already exists.

This is not to deny local decision-makers a crucial role. Private Industry Councils or prime sponsors are particularly well suited to analyzing local labor market conditions and deciding what mixture of services is best suited to alleviating local problems. The responsibility for protecting the public interest by ensuring that funds are spent for effective programs through stringent contract monitoring procedures should continue to reside with such organizations.

The local entity to which responsibility will be assigned to carry out these functions should be the one that has demonstrated the most effective performance in the past. While I am aware of the severe criticism often directed at local prime sponsors, our experience indicates that many of these organizations, having gone through an often painful growth period, have begun to be effective. In both Oregon and New York, for example, the prime sponsors have done an admirable job in generating meaningful performance standards and contract monitoring procedures.

The four recommendations I have made should not prove difficult to implement. Nor would they entail a massive restructuring of the existing system or the creation of additional federal, state, and local bureaucracies. Yet their net effect would be to greatly improve the quality of the services being delivered in nonresidential programs and to improve the overall performance of the system dramatically.

I have intentionally reserved my comments on Job Corps for last because I believe that all that the new legislation need be concerned with in this area is permitting this exemplary program to continue on its current course. Rarely, in my experience, has any program proved as consistently effective, measured by any reasonable set of criteria, as the Job Corps.

RCA has been intimately and proudly involved with Job Corps since its inception. Currently we operate 11 Job Corps centers across the country. The more than 100 Job Corps centers currently in operation have been extraordinarily effective in improving the life chances of over 700,000 young people through such accomplishments as the following:

- More than 80% of the young people completing their Job Corps training are placed in either unsubsidized employment, the military, or continuing education or training.
- Job Corps prepares young people in more than 160 occupations currently in demand in today's labor market.
- The percentage of Job Corps graduates who complete high school graduation requirements and receive their GED's is significantly higher than the percentage receiving such

certification in similar populations who do not go through Job Corps.

The most significant factor underlying the effectiveness of the program is, of course, that it represents a viable and enthusiastic partnership among the federal government, large and small businesses, and organized labor, each playing a significant role. To my knowledge, this is the only program which has been able to sustain the cooperation and support of all of these sectors over such a long period of time.

It is interesting to note that more than 60% of the Job Corps centers currently in operation are managed by private sector companies, such as RCA, Singer, Teledyne, and AVCO, and it is tempting to attribute the effectiveness of the program to the management expertise brought to bear by these and other private sector organizations. Doubtless, this is an important factor, and the competition among such organizations for contracts contributes to enhancement of program quality and maintenance of realistic operating costs.

There are however, other factors, equally important, which must be maintained if Job Corps is to continue to be effective. In my judgment, the other important factors are as follows:

1. Retain Job Corps as a national program. Only a national program can both offer the diversity of opportunities currently available to program participants and ensure

the application of uniformly high standards by which to judge program performance. Also, the economies of scale in areas such as materials development, central records keeping, and program and compliance monitoring would be lost in a less centralized structure.

2. Retain a strong network of staff in regional offices. Over the years, Job Corps has acquired a strong and capable regional staff knowledgeable in all aspects of the program and in the area of contract monitoring. Such staff have already been partially eroded by recent reductions in the government work force. For Job Corps to remain effective, at least the existing staff within regional offices must be preserved.

3. Maintain the current number of training slots at the Job Corps centers. The network of Job Corps centers serves approximately 42,000 young people at any given time. This barely scratches the surface of the universe of disadvantaged, disenchanted young people for whom the Job Corps program may be a last chance at full participation in American society. To reduce the number of training slots at the very time when the scope of the need is expanding is to shut the door on the hopes of thousands of young people. As the average length of stay at a Job Corps center is approximately 6 months, every slot removed from Job Corps has the effect of denying opportunity to two people every year.

Let me conclude by reiterating that the Job Corps is the most effective civilian training program ever undertaken. It has gained support from both parties and both Houses of Congress, from organized labor, and from the industrial community. This type of strong support and the effective partnership of the federal government, the private sector, and organized labor, together have proved the key to success for the Job Corps and point the way to achievement of the nation's goals for future training and employment programs. We at RCA are extraordinarily proud of our participation in federal job training and placement programs and look forward to continuing this participation in the years to come. These programs have made the critical difference in the destiny of hundreds of thousands of young people to whom they offered hope and the opportunity to function as fully productive members of society. We must provide the same level of opportunity to the thousands of young people who, in the coming years, will need it most.

Thank you.

Senator QUAYLE. Thank you very much, Mr. Cook. Mr. Tershy?

Mr. TERSHY. My name is Russell Tershy, executive director of the Center for Employment Training [CET], a nonprofit community-based organization, headquartered in San Jose, Calif.

We have 29 skill training centers in six Western States. In the last fiscal year, CET trained and placed nearly 4,000 men and women in skilled, well-paid jobs, all in the private sector. These were the chronically unemployed and poor who were without the technical and social skills necessary to fit into a high-technology world. They were people on welfare; many were youth and long-term unemployed minorities, 50 percent were displaced farmworkers, 40 percent could not speak English; 70 percent were school dropouts.

It is CET's firm belief that legislation should be drafted that will insure skill training and placement as a priority for chronically unemployed poor people. In the past, many CETA eligibles were creamed from the top with diagnostic and aptitude tests. Under this process, only the cream could get training, and the bottom of the barrel got deeper and deeper. These floated back and forth from dead-end jobs to welfare.

We recommend that pretesting and creaming applicants for skill training not be allowed, and that training be individualized. Preadmission testing, of course, becomes necessary when the course length of training is fixed. In order to avoid testing, therefore, the course length needs to be variable. This simply means that trainees progress at individual rates of speed until each one meets the work quality and technical standards required by industry.

Training in demand skills such as machine tool operator and electronic technician, also requires math, blueprint reading, and communication skills. Most poor people do not have these skills, the absence of which are barriers to employment. We must not let their absence be barriers to training as well.

The CET training model cannot imitate schools that have highly structured, fixed course lengths and prerequisites such as required levels of English, math, and reading comprehension before admission to skill training. In the CET training model, basic education and skills training are holistic. Students learn the technical skill, math, language, and reading comprehension all at the same time. All studies are concurrent and simultaneous.

The bottom line, of course, is not completion of training, diploma in hand, but completion of training and a retainable job. The training operator has the responsibility of placing the graduate, and there should be at least a 6-month followup, with counseling, to help the student retain the job and work for promotion.

CET in its 15 years has trained and placed over 17,000 of the poorest and the most unprepared persons in our society, using the training model described.

To insure that the most truly needy, hardcore, unskilled, and unemployed not be passed over, we recommend that the legislation guarantee that 40 percent of the applicants for training be youth, 70 percent school dropouts, and another 40 percent welfare recipients. We also recommend that the legislative language adequately cover minority groups, farm workers, and ex offenders.

To manage such a comprehensive skills training program, it is imperative that a working partnership be established with industry and the community at the training-center level. From its inception in 1967, CET has had a PIC, which we call our industrial advisory board, IAB. Our IAB identifies skill shortages, job markets, advises us on curriculum, tools, and equipment, and participates in the classroom to teach industrial behavior and concepts. Our IAB also supports our program with industrial fundraising. It also reviews and endorses proposals we submit to Government agencies for funding.

In addition to a PIC on a geographic basis, we advise that legislation require each program funded to have its own IAB or PIC at the training operation level. Industry councils will have more impact at the grassroots programmatic level.

Finally, we believe that a community-based program is the most reliable and flexible vehicle for training which requires no testing to enter, which is individualized, open entry and open exit, and which incorporates remedial education and vocational language instruction.

School systems are geared to the general population instead of to those who need special training. This is not to denigrate our public education system; it is to recognize that while perhaps 70 percent of the general population may be adequately serviced by the educational system, an alternative system may be required to reach the other 30 percent.

It seems to be conventional wisdom that industry is best equipped to provide technical skills training. CET has not found this to be entirely true. In a recent workshop of California industry and State legislative staff, CET confirmed that industry does not want to train unequipped, unsophisticated, unskilled, inexperienced, and jobless persons.

In fact, they will not do the training, even when lured by tax credits and other incentives.

Thank you very much.

[The prepared statement of Mr. Tershy follows:]

CET
Skill Training
Human Development
CENTER FOR EMPLOYMENT TRAINING

Statement
on
Employment and Training
Before Joint Hearings of the
Senate Committee on Labor and Human Resources and the
House Committee on Education and Labor
by
Russell Tershy
Executive Director

Center for Employment Training
425 Market Street, San Jose, Ca. 95113

March 18, 1982

Statement
on
Employment and Training

Before Joint Hearings of the
Senate Committee on Labor and Human Resources and the
House Committee on Education and Labor

by

Russell Tershy
Executive Director
Center for Employment Training
425 Market Street, San Jose, Ca. 95113

March 18, 1982

This statement is presented by the Center for Employment Training (CET) as a supplement to the short, oral one presented today on HR 5320 and S 2036. We request that this be made part of the official record of these joint hearings.

We speak as members of a federation of Centers for Employment Training with 29 skills training centers in six western states, 20 of which are operated directly by CET and 9 independent, community-based organizations who have agreed to follow the CET program design.

Our roots go back to 1967 and the self-help philosophy of the Opportunities Industrial Centers (OICs), started by The Rev. Leon Sullivan of Philadelphia. In the intervening 15 years, CET has evolved a program design that has helped more than 17,000 "at risk" persons to escape from the vicious cycle of poverty and the dole. They have become permanent contributors to the American economy as skilled workers, taxpayers and involved citizens.

To establish our credibility as a witness, we have attached to this statement several fact sheets which detail both the participant characteristics and the performance of CET programs over the past 15 years.

In the November, 1981 issue of ADVENT, the Journal of Comprehensive Employment Training and Human Resource Development, Dr. Garth Mangum, an expert on manpower training(1) in an article entitled TRAINING IN HARD TIMES, mentioned a few facts of life which bear repeating:

"International competition will become more and more intense... If the United States economy is going to keep ahead of the lock-step process throughout the world, it will only be possible in the high technology areas where we have always had a comparative advantage. THAT MEANS VERY INTENSIVE LEVELS OF TRAINING AND INVESTMENT IN HUMAN RESOURCES..."

Dr. Mangum raises an issue which we will see more fervently addressed in future. And as we move toward further computerization and robotization in industry, and see an accelleration of the juggernaut of mechanization in the agricultural fields of California, we in CET think of the human suffering involved for the unskilled and believe we are meeting a valuable human need. We are training those in our society who will be left further and further behind economically and educationally.

Our central office is in the heart of the Silicon Valley, the home of the microcomputer industry, one of America's hopes for the future. In a few school districts there is a computer in every home! This is a head start for economically advantaged youngsters which CET cannot overcome; but we can and we do provide for the euphemistically called "structurally unemployed" who have no chance to compete without alternative training centers such as CET and our counterparts.

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(1) Dr. Garth Mangum, formerly a Capitol Hill and Administration expert on Manpower Development and the CETA laws, is now McGraw Professor of Economics and Management, and Director of the Institute for Human Resource Management at the University of Utah.

The CET program has demonstrated its ability to meet both the needs of persons who have not been able to compete successfully for good jobs and the needs of employers to hire the best qualified persons.

We follow two very simple principles:

(1) CET recognizes that in order to accept applicants without administering qualifying tests, we must be prepared to deal effectively with English language insufficiency, with remedial education, and with sometimes extremely severe behavior problems.

We deal with those problems by having variable course length skill training, based on the students' ability to succeed in a specific occupation. Classes are held in a simulated industrial environment and we use industrial methods of instruction (individualized, verbal and task oriented). The average length of training is around six months.

(2) CET recognizes that trainee motivation and industry acceptance of trainees requires that skill training be offered in higher paying, skill shortage areas, and that local industrial guidance is needed to identify demand occupations, to assist with curricula and equipment selection; and to help the program to respond to changing labor market conditions. CET programs accomplish this through Industrial Advisory Boards (IAB) attached to each of these 30 skills training centers. We find our IABs invaluable.

ROLE OF FEDERALLY FUNDED EMPLOYMENT AND TRAINING PROGRAMS

CET subscribes to most of the concepts in the excellent position-paper published last November by the National Governor's Association (An Action Agenda for Employment and Training in the Eighties). In particular, we believe that the "education systems are the loci of most educational preparation for work; and the work place is where most occupation-specific training occurs."

We agree that "this 'conventional' system has worked for most people most of the time," but that additional assistance is needed for many clearly identified poor and unskilled persons.

This conventional way of entering employment can be likened to a funnel. The process starts with a broad education, and very gradually narrows down to fields of interest and, finally, to job-specific training at the work site. For some occupations (i.e., retail sales) English, mathematics, acceptable work habits and social skills are all the pre-employment training that is required for most entry level positions.

For other, more technical occupations (i.e., machine tool operator), some pre-employment skill training is normally required. This funnel approach serves the needs of most people--and applicants who have shown an ability to survive within this system should be encouraged to do so, even if they are technically eligible for employment and training services.

CET does not believe that Department of Labor employment and training funds should be used to augment existing educational structures or existing employer training practices. We believe that they should be used to serve those poor and unskilled persons who, without such assistance, are most likely to require continued or future maintenance assistance. We also believe that the legislation should encourage the stable funding of alternative structures that have evolved over the past 20 years

-- structures which zero in very specifically on just the employment-related needs of the disadvantaged poor and link those needs to the needs of private sector employers.

The employment and training problem facing CET is that for a variety of reasons, many individuals and groups either have not participated in this "conventional" system, or have participated but have not become employed or even employable.

The funnel approach is not appropriate for such persons. It takes too long to be cost effective, and it is difficult for participants to see the relationship between basic education (where they often had a history of failure) and some ill-defined future job or training opportunity. What is needed is a horizontal tube, not a funnel. The cost effective way starts with job specific training, in skill shortage areas, and looks backward through the tube to determine exactly what pre-employment basic education and training is needed for that particular occupation.

Such an approach responds to labor market needs; it is cost effective in providing remediation to participants; it enhances motivation for participants who can clearly see movement toward a job; and it provides participants with marketable skills to help offset their lack of stable work history or other disadvantages.

Within the above as a philsophical framework, we wish to express both our support and our concerns for various aspects of existing and pending legislation as they relate to sub-recipients like ourselves who will actually be delivering the services.

A. SERVICES TO NEEDY TARGET GROUPS

(1) Priority to Most Needy

With limited funds available, and long waiting lists, one of the most difficult problems facing recipients and service providers is the determination of who receives priority for service. We are concerned that entrance to job training opportunities will be increasingly restrictive as a result of industry domination of the planning process; tighter performance standards; and an emphasis on training in more technical skill shortage areas. We believe that industry guidance, performance standards and longer-term training are all beneficial, but that they must be balanced by:

LEGISLATIVE LANGUAGE REQUIRING LOCAL PLANNING BODIES TO ESTABLISH A SYSTEM THAT GIVES PRIORITY FOR TRAINING TO PERSONS WITH GREATER NEED AND TO PERSONS WHO ARE MOST LIKELY TO RECEIVE FUTURE INCOME TRANSFER PAYMENTS.

(2) Creaming

Current practice is to require service providers to meet percentage quotas for a long list of demographic characteristics. This system ignores the level of need associated with multiple barriers to employment. For example, minority youth have a greater need for services and have a higher unemployment rate than youth in general. The addition of ex-offender or single parent status increases the need still further. When such characteristics are considered separately and not in combination, it is possible to both meet the quota and improve the success rate by screening in persons who have only a single identifying demographic characteristic--the very persons within these subgroups who are best able to cope with the conventional educational and training system, and the least likely to need welfare.

THE PROPOSED LEGISLATION ADDS SEVERAL NEW ELEMENTS TO THIS INHERENT TENDENCY TO CREAM. THEY ARE:

(a) Industry domination of the planning process may well lead to systems that select the best qualified for training, just as all employers select the best qualified for employment.

(b) Tighter performance standards applied to prime sponsors and Private Industry Councils may well cause them to pass on to subrecipients even tighter performance standards, resulting in strong pressure for service providers to select the easiest to train.

(c) An emphasis on training in longer term and more technical skills may well lead to even more academic screening than exists in the present system. We do not want this to happen.

CET THEREFORE RECOMMENDS THE ADDITION OF A PROVISION REQUIRING RECIPIENTS TO ESTABLISH A SYSTEM THAT GIVES PRIORITY OF SERVICE TO WELFARE RECIPIENTS, SCHOOL DROPOUTS, AND PERSONS WITH MULTIPLE BARRIERS TO EMPLOYMENT.

(3) Differing Levels of Need

CET recognizes that a balance has to be struck between serving those most in need and serving more persons who have lesser needs. Realistically those with the most need of all may require continued income maintenance rather than job training. The indices of need used to priortize the provision of services will vary with local demographics and service capabilities.

The language chosen, therefore, simply requires prime sponsors and PICs to go one step beyond current practice, and to consider different levels of need, instead of just setting quotas for individual demographic characteristics. By specifically including school dropouts, it also requires them to insure that in their planning process that entrance requirements are not so severe that large numbers of "at risk" persons are effectively barred from entrance into training.

One purpose of the proposed legislation is to focus on outcomes rather than prescribing exactly how local systems will operate. In our opinion, a balanced piece of legislation should address those who enter the system (input), as well as those who leave the system (output).

A STRONG EXPRESSION OF CONGRESSIONAL INTENT REGARDING WHO IS TO RECEIVE SCARCE SERVICES IS NEEDED BECAUSE:

(a) A detailed priority system cannot be prescribed nationally, and

(b) Without such an expression, the revised system, with its increased emphasis on performance (output) may virtually ignore those who enter (input) the system.

This would cause the Department of Labor portion of our national education and job training system to miss its mark and duplicate many of the functions already provided by the educational system and by employers.

B. LACK OF APPROPRIATE SERVICE PROVIDERS

(1) Funding Comprehensive Service Agencies

If the concerns addressed above are met and persons with greater need are admitted to training, then CET is concerned that the persons admitted will not have available the services they need to succeed.

WE BELIEVE THAT THE LEGISLATION SHOULD ENCOURAGE THE FUNDING OF AGENCIES OR COMBINATIONS OF AGENCIES THAT ARE ABLE TO PROVIDE THE COMPREHENSIVE SERVICES NEEDED FOR PERSONS WITH LOW EDUCATION AND MULTIPLE BARRIERS TO EMPLOYMENT TO ENTER TRAINING.

CET has found through experience that employers are eminently qualified to provide job-specific training to persons who have been properly educated and trained up to entry level competency. They are generally not prepared to provide either remedial education or behavioral training. And yet all three are needed by the applicants who can benefit most from job training (i.e., the applicants who have fewer options).

They need hands-on skill training in a demand occupation, but they also need highly individualized, job-related remedial education; they need reality counseling; training in industry standards of behavior; and they often need English language training.

CET has found through hard experience in 15 years that all of these needs must be addressed simultaneously. Trainee motivation and self-expectations for success are high only when trainees can see a direct and immediate correlation between everything they are asked to learn or do and a decent paying job in a meaningful occupation.

(2) Cost Effectiveness and the Needy

Conventional educational structures expose a homogeneous group of students to a body of knowledge in an orderly way for a fixed period of time. This process is a cost effective way of meeting the needs of most young people.

Employment and training participants cannot be easily divided into homogeneous groups. They differ widely in their intelligence, age, educational background, and other demographic characteristics. They need highly individualized training which starts when they are academically and socially ready. They need to be provided with only the remediation and training that is necessary to obtain employment in a specific occupation.

Many local education agencies have tried to modify their structures to recognize this need for a comprehensive approach--a short period of time which addresses all of an individual's employment-related needs. Other community-based organizations have over the past 20 years evolved alternative training structures specifically in response to these needs.

WE BELIEVE THAT THE LEGISLATION SHOULD ENCOURAGE THE CONTINUED DEVELOPMENT OF ALTERNATIVE STRUCTURES THAT CAN ACCEPT PERSONS WITH LOW EDUCATION AND OTHER DISADVANTAGES: AND TRAIN THEM FOR JOBS IN SKILL SHORTAGE AREAS.

CET RECOMMENDS THAT RECIPIENTS BE REQUIRED TO GIVE PRIORITY OF FUNDING TO PUBLIC OR PRIVATE AGENCIES THAT OFFER COMPREHENSIVE PROGRAMS THAT INCLUDE SKILL TRAINING IN SKILL SHORTAGE AREAS, COUPLED WITH COUNSELING AND JOB-RELATED BASIC EDUCATION.

The intent of the above is not to present a particular program design, but rather to encourage institutional change in directions that have been verified during 20 years of manpower training experimentation. To the extent possible, the legislation should encourage the continued development of alternative public and private structures that can accept participants without qualifying academic tests, and then provide for their remedial needs in the context of training for a specific occupation.

THIS SAME ISSUE CAN BE ADDRESSED BY SPECIFYING IN THE LEGISLATION (E.G., IN SECTION 105(d) (1) OF S 2036) THAT THE MEASURES OF COST EFFECTIVENESS NEED TO SELECT AGENCIES TO DELIVER SERVICES AND SHALL INCLUDE CONSIDERATION OF THE DIFFICULTY OF SERVING SPECIFIC GROUPS, SUCH AS THOSE WITH LOW EDUCATION LEVELS, AS WELL AS EFFECTIVENESS IN TRAINING FOR SKILL SHORTAGE AREAS.

This would make clear the legislative intent that:

EVALUATIONS OF EFFECTIVENESS WILL INCLUDE CONSIDERATION OF INPUTS TO THE SYSTEM AS WELL AS OUTPUTS. PREREQUISITES FOR ADMISSION TO TRAINING CAN IN THEMSELVES CONSTITUTE AN EFFECTIVE BARRIER TO EMPLOYMENT AND THE LEGISLATION SHOULD STRIVE TO CREATE A CLIMATE IN WHICH LOCAL PLANNING BODIES WILL STRIKE A BALANCE BETWEEN COST AND RESULTS. IN DOING SO, THEY WILL CONSIDER BOTH THE NEEDS OF ALL POTENTIAL APPLICANTS, AS WELL AS THE NEEDS OF INDUSTRY FOR TRAINED WORKERS IN SPECIFIC OCCUPATIONS.

C. PERFORMANCE STANDARDS

Prime Sponsors and Performance Standards

CET thoroughly endorses the use of performance standards such as those contained in S 2036 and HR 5320. Our concern is that prime sponsors will not pass these standards on to sub-recipients, but instead will pass on more severe standards, and will tie the recovery of current year costs to placement goals in order to get the administrative costs of sub-recipients reclassified as training costs.

WE THEREFORE RECOMMEND THAT RECIPIENTS SHALL BE REQUIRED TO APPLY TO SUB-RECIPIENTS THE SAME PERFORMANCE STANDARDS THAT ARE APPLIED TO THEM, AS WELL AS THE SAME SANCTIONS IF THE STANDARDS ARE NOT MET (I.E.,PERFORMANCE STANDARDS WILL FORM THE BASIS FOR MAKING REFUNDING DECISIONS AND WILL NOT INHIBIT THE RECOVERY OF CURRENT YEAR COSTS).

Just as national performance standards will be used to make refunding decisions and will not prevent prime sponsors from recovering current year costs, so:

THE LEGISLATIONS SHOULD REQUIRE PRIME SPONSORS TO USE PERFORMANCE STANDARDS TO MAKE REFUNDING DECISIONS AND SHOULD DISCOURAGE PERFORMANCE-BASED CONTRACTS THAT CAN PREVENT THE RECOVERY OF CURRENT COSTS.

Since community-based organizations are nonprofit and usually have no other source of funds to cover these costs, such performance contracts force them to overprice their services to insure cost recovery. It also encourages an excessive amount of "creaming," since costs will not be recovered unless the performance goals are met.

D. SERVICES TO OUT OF SCHOOL YOUTH

(1) Youth functioning as adults

If 50% of training funds are targeted to serving youth, CET believes that youth should not be limited to age 19. It should also include age 20 and 21, because large numbers of 20 and 21 year olds have no previous work experience and are regarded as inexperienced youth by employers.

Even if youth are narrowly defined as aged 19 or below, it is CET's experience that there are large numbers of such out-of-school youth who are trying to function as adults--many of them with dependents. Currently, CETA youth funds primarily serve in-school youth, and duplicate many proper education functions.

LEGISLATION SHOULD PROVIDE OUT OF SCHOOL YOUTH WITH EQUAL ACCESS TO ADULT TRAINING OPPORTUNITIES AND INCLUDE THEM IN THE TOTAL NUMBER OF YOUTH SERVED.

CET programs have convincingly demonstrated that youth who are trying to function as adults will respond as adults, if they are trained with adults and given the skills they need to offset their youth and lack of work history. Legislation should neither mandate nor imply that out of school youth should be segregated into separate school oriented programs.

CET therefore recommends that: OUT OF SCHOOL YOUTH SHOULD HAVE ACCESS TO ADULT PROGRAMS, SHOULD BE COUNTED IN THE MANDATED PROPORTION OF YOUTH SERVED, AND SHOULD HAVE ADULT PERFORMANCE STANDARDS APPLIED TO THEIR TRAINING.

Where job placement is the anticipated outcome of training, the performance standard should be related directly to that outcome and measure its success. The attainment of competencies is an appropriate standard of in-school youth but not for out of school youth who are trying to function as adults.

IN DETERMINING THE PROPORTION OF TRAINING FUNDS SPENT ON YOUTH, PRIME SPONSORS SHOULD BE ABLE TO USE THE RATIO OF YOUTH TO ADULTS IN PROGRAMS WHERE YOUTH ARE INTERMIXED WITH ADULTS.

E. SERVICES TO FARMWORKERS

CET supports the language in HR 5320, since it recognizes that farmworkers are being forced out of agriculture by the juggernaut of mechanization and by the rigors of migratory life. These workers desperately need training in non-agricultural as well as agricultural occupations, and CET places a heavy emphasis in this area.

Farmworkers and their families throughout CET's 14 county target area suffer the hardships of poverty and neglect. The litany of farmworker abuses is depressingly familiar; dilapidated housing, inadequate or nonexistent sanitary facilities, hazardous working conditions, poor wages, and uncertain availability of work. The crops change, the names of the employers change, but the brutality of the working environment remains.

In its 15 years of providing job training and supportive services to low income men, women and youth, CET has established centers in both rural and urban areas. CET's criterion for setting up a training program is the determination that a job market exists nearby that can comfortably accomodate the individuals whom CET intends to train. Whether the CET center is in the rural northern portion of Santa Barbara County or the heavily urbanized Silicon Valley in northern California in the Santa Clara Valley, the fact that unites the centers is the availability of good jobs close by.

CET provides a unique mix of vocational training, basic education programming and individual supportive services that is aimed at assisting the farmworker trainee to enter the industrial workplace confident in his/her ability to do a good job and to associate effectively and comfortably with superiors and peers.

G. ADMINISTRATIVE COSTS

Treat All Sub-recipient Administrative Costs Alike

Sub-recipients now have to "make do" with whatever administrative funds remain after prime sponsors satisfy their needs. Different rates are allowed by different prime sponsors, which lead to cost allocation problems for sub-recipients. Also, some but not all, sub-recipients' administrative costs are now excluded (e.g., private school tuition and performance contracts where a portion of current year costs are recovered only if participants are placed in jobs). This leads prime sponsors to make program decisions based on their own administrative needs.

The pressure on administrative costs has become more severe with the elimination of public service employment, since, through the use of administrative cost pools that actively helped support the higher administrative costs associated with administering training programs.

It will become even more severe with the reduction or elimination of allowances for participants, since allowance payments involve a large flow of dollars, but at a relatively low administrative cost.

CET THEREFORE RECOMMENDS EITHER THAT RECIPIENTS BE REQUIRED TO PASS ON TO SUB-RECIPIENTS A NATIONALLY DETERMINED PORTION OF THE ALLOWABLE ADMINISTRATIVE COSTS, OR THAT THE ADMINISTRATIVE COST RATE ALLOWED TO RECIPIENTS BE REDUCED, WITH A CORRESPONDING EXCLUSION OF THE ADMINISTRATIVE COSTS ASSOCIATED WITH THE DIRECT PROVISION OF TRAINING.

The latter solution has the added advantage of treating all sub-recipient administrative costs alike. At the present time, prime sponsors do not have to account for the administrative costs associated with tuition contracts with private-for-profit schools, nor do they have to account for the administrative costs associated with performance contracts where reimbursement depends on training-related placements at a specified wage. They have only to include their own administrative costs, plus the administrative costs of community-based organizations and others who must operate on cost reimbursement contracts.

IT MAKES SENSE TO ESTABLISH A LOWER ADMINISTRATIVE COST RATE AND THEN ALLOW ALL ADMINISTRATIVE COSTS BELOW THE RECIPIENT LEVEL TO BE CHARGED TO TRAINING OR SERVICES OR, TO SIMPLY EXCLUDE SUB-RECIPIENT ADMINISTRATIVE COSTS FROM THE 15% LIMITATION.

ANOTHER IMPROVEMENT OVER THE PRESENT SYSTEM WOULD BE TO ALLOW BOTH RECIPIENTS AND SUB-RECIPIENTS TO ALLOCATE ALL COSTS TO THE COST CATEGORY THAT CORRESPONDS TO THE PRIMARY ACTIVITY.

This would greatly simplify the current cost classification problem and better describe what is actually taking place. For example, a training program that also provides auxiliary services would be costed entirely to the training cost category. Such an approach would allow recipients to implement more programs, using tuition and fee for service arrangements.

H. STABILITY OF OPERATIONS

(1) Long-term Agreements

Just as single-year funding has hindered the ability of the prime sponsors to engage in realistic planning, a similar situation exists for sub-recipients. Prime sponsors should be encouraged by the legislation to enter into longer term agreements with sub-recipients which can be reviewed annually and refunded after a review of performance.

These longer term contracts will enable sub-recipients to establish and maintain alternative structures specifically geared to serve the needs of participants with widely varying needs. In the case of classroom training under the CET concept, this is particularly important. The capitalization involved in establishing a skill training center and the on-going operating costs result in a high cost per individual enrolled, if the center is not operating at capacity.

Under current legislation, primarily because of the uncertainty regarding funding and the competitive RFP requirements, prime sponsors frequently require all sub-recipients to phase enrollment down to zero at the end of each program year. This results in higher costs per participant as enrollment drops. A longer term perspective, more continuity with respect to funding and refunding based on performance accountability would allow for more continuous and cost effective operations.

CET THEREFORE RECOMMENDS THAT RECIPIENTS SHOULD BE ALLOWED TO PASS ON TO SUB-RECIPIENTS MULTIPLE YEAR PLANNING, AS WELL AS THE REFUNDING WITHOUT COMPETITION OF PROGRAMS THAT MEET FEDERALLY NEGOTIATED PERFORMANCE STANDARDS.

Permitting prime sponsors to renew sub-recipient contracts without competition would also assist those programs with open/entry, open exit training and a course length that varies with individual needs. These features are central to the CET design. Participants receive individualized instruction, progress according to their ability and background, and are placed in jobs as soon as they become employable. This means that a steady flow of individuals both enter and leave the training centers throughout the program year.

(2) Variable Course Length

Variable course length has a number of advantages aside from the ability to respond individually to different learning speeds and educational backgrounds. It allows participants to progress at their own pace and gain confidence as they experience a series of successes instead of the feeling of failure associated with competitive testing. It also allows applicants to enter training throughout the program year and, more importantly, it avoids dumping or saturating the labor market with an entire "graduating class." This is most important in rural labor markets whose local demand and supply factors are very sensitive and can easily be upset.

Programs utilizing variable course length cannot function in a cost effective manner if local planning requires them to zero out their enrollment at the end of each program year. They operate much more effectively (both in terms of cost and in their response to labor market needs), if a continuous flow in and out of the centers can be maintained.

THE OPTION OF MULTI-YEAR FUNDING AND NON-COMPETITIVE RENEWAL OF FUNDING BASED ON PERFORMANCE WILL HELP PRIME SPONSORS TO STABILIZE PROGRAM OPERATIONS AND WILL CONSUME FAR LESS ADMINISTRATIVE TIME THAN THE CURRENT COMPETITIVE RFP PROCESS THAT STARTS OVER EACH YEAR WITH SUB-RECIPIENTS.

I. FISCAL LIABILITY

Sub-recipients Need Protection

Currently, sub-recipients and recipients as well have too few protections against minor administrative errors which may result in questioned costs.

While the Senate language provides that both recipient and sub-recipient errors may be offset against future entitlements, the fact is that sub-recipients do not have entitlements and therefore have no protection. Incorporating an administrative error rate which would apply at both the recipient and sub-recipient level would help solve this problem.

CET therefore recommends that: SUBRECIPIENTS SHOULD RECEIVE THE SAME LIABILITY PROTECTION ACCORDED RECIPIENTS (i.e., in the absence of fraud or gross negligence, they should be allowed to repay disallowed costs through a reduction in future subgrants that they may have been awarded) AN ALTERNATIVE RECOMMENDATION WOULD BE TO ESTABLISH AN ACCEPTABLE ADMINISTRATIVE ERROR RATE WITHIN WHICH COSTS WOULD NOT BE DISALLOWED.

J. GRANT ADMINISTRATION

(1) Other Concerns

CET has several concerns relating to the effect of proposed changes in grant administration on sub-recipients. They are:

(a) We are concerned that the red tape associated with a radical revision of the existing prime sponsor system will cause interruptions in program operations and the consequent collapse of successful programs.

(b) We are concerned that a new layer of administration will be added at the state level, with a corresponding increase in total administrative costs.

(c) We are concerned that the new legislation will continue the present system whereby incentives, demonstration projects, special target groups, joint planning, etc., result in training centers having to administer four or five contracts with a single prime sponsor. There has been enough experimentation under CETA.

When funding levels are low, it is even more important to target funds more precisely and to provide stable funding to those activities and agencies that have performed successfully.

(d) We are concerned that if business representatives to private industry councils are chief executives, they will not be able to devote adequate time to the work of the council. We believe that business representatives should be personnel or community relations people who are directly involved in the hiring process; and that they should be drawn from companies with skill shortages who are potential employers of participants.

(e) We are concerned that the Centers for Employment Training were not included in S 2036 as an example of a community-based organization when other sub-recipients were.

(f) We are concerned that the State Advisory Council proposed in S 2036 contains no representation from the private non-profit and community-based training programs that have contributed so much to developing alternative training structures.

We thank the Members of this distinguished Joint Committee for asking CET to be present today and to give you the benefit of our 15 years of experience, and trust that our legislative suggestions will prove useful to you.

CET CENTER FOR EMPLOYMENT TRAINING

Skill Training
Human Development

FACT SHEET

CET PERFORMANCE ACCOUNTABILITY REPORT - FY '81

During the twelve month period of October 1, 1980 to September 30, 1981 (FY 81) the following performance was accounted for by 20 CET's under the Central Administration in San Jose, and by 9 Independent CET's throughout California and Arizona, Nevada, Oregon and Washinton State. Attached are the following Fact Sheets , which provide more extensive performance information:

- Cumulative Annual Job Placement Record (1967-1981)
- Operations Breakdown By Individual Training Center
- Performance of Independent CET's
- Average Starting Wages of CET Trainee-Graduates
- Who CET Served: A Profile of FY '81 Enrollees

SUMMARY REPORT

TOTAL JOB PLACEMENT

Trainee-Graduates placed in unsubsidized, training-related, private sector employment reached an all-time high of 3,883, the product of the combined efforts of 29 training centers of CET Federation.

- Central Administration (20 CET's) = 2,483
independent (9 CET's) = 1,400
TOTAL = 3,883 Placements

ECONOMIC IMPACT OF ALUMNI'S FIRST YEAR INCOME

- Annual Earnings of CET's 3,883 Alumni...............$ 52,253,531
- Earnings circulated 5 to 6 times....................$287,394,421
- Savings to Taxpayers in Public Assistance...........$ 7,797,060

WHAT IT COST THE TAXPAYER

- Program Operating Cost per Placement (3,883) = $2,943
- Average Earnings per Placement (First Year) = $13,457
- Return on Investment exceeds 450 Per Cent
- Program costs are returned in taxes paid to Local, State and Federal Governments within 18 months after placement.
- All costs (program plus trainee stipends) are reinvested in the economy within 6.5 months with the 52.3 million first-year earnings of the 3,883 working Alumni.
- Potential savings in Public Assistance and other subsidies may reach an estimated $15.5 million considering that 99% of CET enrollees are under 71% LLSIL without training.

CENTRAL ADMINISTRATION
425 South Market Street·San Jose, California 95113 · (408) 287-7924

FACT SHEET

CET PERFORMANCE ACCOUNTABILITY REPORT - FY '81

Cumulative Annual Job Placement Record:*

Year	Number of Placements	Cumulative Total
1981	2,483	17,625
1980	2,203	15,142
1979	2,042	12,939
1978	1,781	10,897
1977	1,426	9,116
1976	1,538	7,690
1975	1,413	6,152
1974	1,502	4,739
1973	1,159	3,237
1972	969	2,078
1971	578	1,109
1970	273	531
1969	143	258
1968	115	115

1967 - Began training operations October 27.

* For CET's administered by the Central Administration in San Jose, California, throughout California and the State of Idaho. Independent CET's are excluded.

FACT SHEET

CET PERFORMANCE ACCOUNTABILITY REPORT - FY '81

Operations Breakdown By Individual Training Center:*

State/County/City	Job Placements FY 81	Currently Training	Waiting to Enroll
CALIFORNIA			
Santa Clara County San Jose/Gilroy/ Mountain View	1,308	531	3,213
San Luis Obispo & Santa Barbara Counties Santa Maria/Goleta/ Nipomo Mesa	165	64	250
Los Angeles County Huntington Park/ Valencia	130	65	1,010
San Diego County San Diego	142	49	900
Santa Cruz County Santa Cruz/ Watsonville	158	63	100
Ventura County Oxnard	272	100	700
Riverside & San Bernardino Counties Riverside/Coachella/ San Bernardino	201	146	800
Imperial County El Centro	58	44	90
IDAHO Nampa City	58	44	600
TOTAL	2,483**	1,082	7,663

*CET Central Administration, 425 South Market Street, San Jose, California, 95113, provides centralized personnel and fiscal management, staff development and technical assistance. All these CETs respond directly to the Executive Director and the CET Board of Directors.

**Program Operating Cost per Placement = $3,041

FACT SHEET

CET PERFORMANCE ACCOUNTABILITY REPORT - FY '81

Performance of Independent CET's*

State/County/City	Job Placements FY 81	Cost Per Placement (less allowances)
CALIFORNIA		
CET of Monterey County Salinas	288	$2,342
California Human Development Corporation (CHDC) CET Santa Rosa CET Suisun City CET Stockton CET Yuba City	229	$3,050
CET of Orange County Anaheim	180	$2,394
CET of Yolo County Sacramento	131	$1,650
Vallecitos CET Oakland County/ Hayward City	153	$4,503
ARIZONA		
CET of Pima County Tucson	68	$3,475
OREGON		
Oregon Human Development Corporation (CHDC) CET Tigard	152	$2,805
CET. of NEVADA Las Vegas/Reno	181	$2,509
WASHINGTON		
NRO/CET	18	$3,261
TOTAL	1,400	AVERAGE: $2,768

*Independent CET's have their own Boards of Directors. They operate under a licensing agreement with CET - Central Administration which requires compliance with the CET philosophy, program design, sound personnel and fiscal management. CET provides technical assistance, in-service staff training, and reviews their operations for quality control purposes.

FACT SHEET

CET PERFORMANCE ACCOUNTABILITY REPORT - FY '81

Average Starting Wages of CET Trainee-Graduates:*

Occupational Skill	Hourly Wage	Annual Base Earnings	Fringe Benefits (Est. 30%)	Total Annual Earnings
Electronic Technician	$5.54	$11,523	$3,457	$14,980
Wafer Fabrication	5.44	11,315	3,395	14,710
Industrial Plant Mechanic	5.42	11,274	3,382	14,656
Electro-Mechanical Assembly	5.42	11,274	3,382	14,656
Truck Diesel Mechanic	5.34	11,107	3,332	14,439
Welding Fabrication	5.19	10,795	3,239	14,034
Auto Parts Sales	5.31	11,045	3,314	14,359
Auto Mechanic	5.02	10,546	3,164	13,710
Facility Maintenance Worker	5.00	10,400	3,120	13,520
Drafting	4.92	10,233	3,070	13,303
Groundskeeper	4.89	10,171	3,051	13,222
Machine Operator	4.85	10,088	3,026	13,114
Farm Equipment Mechanic	4.73	9,878	2,951	12,789
Data Entry	4.68	9,734	2,920	12,654
Body and Fender Repair	4.68	9,734	2,920	12,654
Shipping & Receiving	4.64	9,651	2,895	12,546
Sheet Metal Fabrication	4,64	9,651	2,895	12,546
Office Skills	4.41	9,173	2,752	11,925
Electronic Assembly	4.39	9,131	2,739	11,870
Average:	$4.94	$10,278	$3,105	$13,457

* CET Federation FY '81 Trainee-Graduates:

- Central Administration (20 CET's) = 2,483
- Independent (Licensed) CET's (9) = 1,400

Total = 3,883 Placements

FACT SHEET

CET PERFORMANCE ACCOUNTABILITY REPORT - FY 81

Who CET Served: A Profile of FY' 81 Enrollees:*

Category	Percentage
Male	68
Female	32
Youth (16 to 21)	40
Older Worker (over 45)	6
School Dropouts (less than 12)	70
Economically Disadvantaged (Under 71% LLSIL)	99
Receiving Public Assistance	18
Receiving UIB	4
Unemployed	95
Underemployed	5
Heads of Households	45
Limited English Speaking	41
Migrant/Seasonal Farmworkers	49
Offenders/Exoffenders	9
Veterans	3
Handicapped	4
Women in Non-Traditional Skills	30
Ethnic Groupings:	
White (Non-Hispanic)	10
Black (Non-Hispanic)	6
Hispanic	76
American Indian/Alaskan	1
Asian/Pacific Islander	7

*CET enrollees meet only CETA eligibility requirements as specified in the appropriate Federal Regulations. CET does not allow any kind of admissions prerequisites, pre-testing, screening, artificial barriers, or any pre-judgment of an applicant's potential. CET guarantees enrollment to those applicants most in need and difficult to train.

Senator QUAYLE. Thank you very much, Mr. Tershy. Ms. Bambery?

Ms. BAMBERY. Mr. Chairman and members of the subcommittees. I am Pat Bambery, a vice president of Chrysler Learning, a wholly owned subsidiary of Chrysler Corp., located in Detroit, Mich.

With me today is Bob Connors, the director of Federal relations in our corporate Washington office.

We are pleased to have the opportunity to appear before you because we believe that we represent a unique perspective. We are a private sector business and we are the training arm of one of this country's major corporations.

Chrysler Learning is part of Chrysler Institute, which was established in 1931 by Walter P. Chrysler to assist the corporation in continuing to update the skills of its employees. Last year alone we provided over 100,000 corporation-funded trainee hours of services on such projects as the K-car launch, and the installation and maintenance of robots in our manufacturing plants.

In 1968, we formed Chrysler Learning to serve as a labor market intermediary linking private sector training needs and public sector employment and training programs. Since that time we have trained over 60,000 Government-funded persons nationally.

With this experience, we make the following recommendations:

First, we recommend that established training programs within businesses and industries be utilized more significantly in the delivery of employment programs. To accomplish this, two things must occur. First, these training programs should be referenced in the legislation as appropriate and desired training agencies in conducting training and retraining activities; and, second, unnecessary restrictions limiting the use of established training programs within business and industry must be curtailed. In order to most effectively forge the public-private partnership in training programs, it is critical that training legislation recognize the role and the current training capacity of private sector corporations. These private sector programs have and can continue to play an important and productive role in linking training programs for the unemployed with private sector training needs.

But beyond these more explicit recognitions of established training programs within private sector businesses, it is important that the legislation in its form and substance implicitly recognize the role of private sector trainers. It is crucial that training legislation not impose unnecessary statutory or administrative barriers to the flexible design of programs to meet private sector needs.

In order for the public sector to attract the private sector as a partner in providing training programs, programs must be as administratively simple as possible.

Consider, second, our second major recommendation, and that is in order to insure that our national employment and training policy is a viable answer to the Nation's unemployment problems, retraining must be an integral element in the total program, and such efforts must be significantly involved with the private sector. To that extent, again, we have two very specific recommendations.

One, eligibility for participation in retraining programs must be defined broadly to encompass all those laid-off workers whose skills have not remained contemporary with employer needs, and therefore they have significant barriers to employment. This should include laid-off workers who are receiving unemployment insurance, laid-off workers who are not eligible to receive unemployment insurance, and laid-off workers who have exhausted their unemployment insurance.

And, second, retraining should occur to the extent that the local needs, due to the composition of the unemployed workers in that area, dictate a demand for such services. Therefore, while a nationally determined formula would be inappropriate, so, too, would any arbitrarily established limitations on the amount of funding that can be spent for such purposes.

A significant part of the training needs of industry involves upgrading and retraining workers whose skills during layoff have failed to remain contemporary with industry needs. The evolution of the technological base of the American economy is critical if American industry is to remain competitive and productive.

Since the industrial revolution, American businesses have continually sought out more productive and efficient means of manufacturing and production. This process has required that business engage in two activities. First, business and industry have devoted a significant proportion of their operating capital to research and development in order to invent and develop the technology necessary to improve their operations. Second, industry has trained workers so that they can meet these new needs. However, a combination of the recent stagnation in economic growth and rapid technology has altered this process. Therefore we have many workers who have failed to remain contemporary because they are not employed by businesses who can make sure that their skills are at a level that makes them appropriate workers.

We submit these recommendations to you as well as our written testimony, and again express our appreciation for this opportunity. This legislation is an important step not only in the evolution of governmental employment and training programs in our country, but it is also a significant opportunity for the renaissance of business and industry.

Thank you.

[The prepared statement of Ms. Bambery follows:]

CHRYSLER
LEARNING INC.

THE TESTIMONY
OF
CHRYSLER LEARNING, INC./CHRYSLER CORPORATION
BEFORE THE
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

March 18, 1982

CHRYSLER
LEARNING INC.

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CHAIRMAN QUAYLE AND MEMBERS OF THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY;

CHAIRMAN HAWKINS AND MEMBERS OF THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES.

INTRODUCTION

I am Patricia Bambery, the Vice-President of Employment and Training Contracts and Product Development representing Chrysler Learning, Inc., a wholly owned subsidiary of Chrysler Corporation. With me today is Robert J. Conner, Jr., the Director of Federal Relations in Chrysler Corporation's Washington Office.

We are pleased to have the opportunity to appear before you regarding the future of employment and training in our country. We believe strongly that employment and training funds represent an important investment in our nation's human capital resources; an investment which is necessary both for the increased productivity of our businesses and industries and the future of economic development growth of our country. Clearly, the direction that both Subcommittees have taken demonstrates a strong Congressional concern for strengthening the public-private partnership to accomplish these objectives. As a private sector business and the training arm of a major corporation, we heartily endorse these initiatives.

ORGANIZATIONAL BACKGROUND

Chrysler Learning, Inc. is a part of the Chrysler Institute, which was established in 1931 by Walter P. Chrysler to response to a skill shortage of automotive engineers that existed then in our industry. In 1958, the Institute began additional initiatives to assist the Corporation in continuing to update the skills of its employees through a variety of technical assistance and skill training programs. As an example, last year alone Chrysler Institute provided over 100,000 trainee hours of services on such projects as the K-Car Launch, Work Standards Training Programs, Statistical Quality Assurance Programs, Productivity Improvement Clinics, and the installation and maintenance of robots in our manufacturing plants.

In addition to these technical skills training programs, Chrysler Corporation provides professional development opportunities to its employees. Chrysler Institute began its Certificate Program in Industrial Management in 1971, and in 1973 affiliated with Central Michigan University to offer a four-year baccalaureate degree.

In addressing the Corporation's training needs, we became aware of other employer-based demand for skilled workers. To respond to this, we formed and now operate tuition-based licensed vocational education schools in auto mechanics, diesel mechanics, combination welding, and lift truck maintenance and repair.

In 1968, Chrysler Institute formed Chrysler Learning, Inc. to serve as a labor market intermediary linking private sector training needs and public sector employment and training programs. Working with a variety of local businesses throughout the country, we have operated employer-based training programs in electronics, drafting, heating and air conditioning, machinist, large farm equipment repair, building services, computer programming, and other skill areas. These programs were initially funded through categorical employment and training programs, and have continued under the Comprehensive Employment and Training Act, serving the needs of both prime sponsors and private industry councils with significant successes often achieved in spite of legislative and regulatory barriers.

PUBLIC-PRIVATE PARTNERSHIP MODEL PROGRAMS

I would like to cover two brief examples. Currently, in our pursuit of public-private ventures, we are operating two different programs which we believe provide models that are important to the new directions being set by your Subcommittees. Both are examples of viable public-private partnerships. One is a retraining effort and the other an example of planning and training to enhance local economic development activities.

FIRST, consider our public-private partnership in retraining in Detroit, Michigan. Approximately eight (8) months ago, Chrysler Learning, Inc. was informed by Chrysler Corporation of its need to have a large number of Management Information Systems (MIS) personnel trained and hired as Programmer Trainees over the period of a year. This is an occupational area of substantial demand in Detroit, as well as nationally. Chrysler Learning, Inc. linked Chrysler Corporation's need for trained computer programmers and the

Corporation's commitment to lay-off assistance with government training funds available through the City of Detroit's Department of Employment and Training and Private Industry Council. This effort has resulted, to date, in twenty-one (21) persons being trained and placed in Chrysler, with a final group of nine (9) persons to begin training shortly. This represents a one-hundred percent entered employment rate at a training cost of $4,000 per participant.

Persons entering this program were predominately blue collar, and represented a wide cross section of job experiences and formal education and training. All had in common previous employment in Chrysler Corporation. They were laid off with no hope of recall and existed on some form of public assistance or unemployment insurance, collecting on an average of $7,500.00 annualized. Obviously the net savings of government dollars through the investment in this training program are substantial.

In this specific program design, Chrysler Learning, Inc. provides an initial two (2) week employment and training services curriculum which focuses on the problems encountered by laid off workers as they reenter the labor force; on career change; on career pathing; and on productivity on the job. This set the basis for ongoing support counseling throughout the technical and skills training and for intensive follow-up by the vocational counselor upon job placement to assure job placement success. In addition, Boeing Computer Services, a subsidiary of the Boeing Corporation, provides eight (8) weeks of computer skill training utilizing a curriculum tailor-made to Chrysler Corporation's job specifications for Programmer Trainees. Subsequent to this classroom training, the participants are receiving nine (9) months of unsubsidized on-the-job training from Chrysler Corporation.

Follow-up evaluations have indicated that program graduates are competent entry level programmers. An additional advantage, according to their supervisors, is that because the rehired workers have had experience in other areas of the Corporation, such as manufacturing, quality control, personnel, accounting, and security, they understand Chrysler's operations more fully, and are aware of the problems faced by users of the computer systems. Because of their prior years of service in the Corporation, retrainees demonstrate excellent work-related attitudes and behaviors, and are already aware of personnel and management policies. In all, these retrained workers are excellent employees in their new occupation.

This retraining program is important not only in and of itself, but also because it established a model for similar initiatives in the future for other business/industries as well as for Chrysler Corporation.

SECOND, consider another important example of a public-private venture between our organization and both the City of Ann Arbor and Washtenaw County, Michigan, to provide training in an occupational area which is designed to mesh with local economic development initiatives.

Recently, Michigan's Governor William G. Milliken, working with local elected officials, the University of Michigan, and private sector business, has committed to forming a Robotics Research Center in the City of Ann Arbor. This center will both assist in establishing important research in high technology as well as providing a base to diversifying Michigan's depressed economy. Recognizing the significant opportunity that this presented for the area's work force, the local employment and training programs and Private Industry Councils began planning with local businesses and Chrysler Learning, Inc. to offer a high technology/robotics training program. As the Ann Arbor News aptly described this program in its recent editorial of March 3, 1982, "Retraining Crucial to County's Hopes:"

> "HOPES for making Washtenaw County an even more important center of high technology industry rest on more than the plans that are being made to develop new research parks near Ann Arbor.
>
> "It's also important for high technology firms already in the area to take a hand in helping the local labor force retrain for work in those firms, and in the county's high tech industrial parks as those materialize.
>
> "A contribution that is small in terms of what will be needed, but important because it's more than a plan, is being made by the county's CETA office.
>
> "The first local high technology job-training program under the Comprehensive Employment Training Act has just been organized...
>
> "Fifteen local residents will be training for starting jobs in robotics/electronics at Chrysler Learning, Inc.
>
> "Further, two spokesmen for high technology firms... have just been added to the private industry council that works closely with the county CETA office. This can be expected to improve CETA's chances for persuading more private firms to accept CETA-paid trainees for classroom and on-the-job training in high technology work.

> "This is what CETA is all about these days... the expectation that private industry can and will respond to the need for retraining workers.
>
> "A stronger response by area industries to CETA's search for job-training programs, particularly in high technology, is the most persuasive way to show Congress and the president that CETA serves a useful purpose. It is, of course, also one way of showing industries throughout the country that Washtenaw County is serious about being one of the most important places for high technology research and manufacturing."

This program is beginning now, as your Committees consider the future of employment and training programs in this country. What is important in examining it, within the context of your deliberations, is that it is possible to design and plan programs that join public sector training funds with anticipated private sector skill, needs in a fashion that represents an investment in growth of an area's economic base.

Both of these examples represent models for the future of employment and training - models consistent with the outcomes which your Committees wish to effect with the implementation of new legislation. It should be clear, however, that while these two programs work, they do so in spite of legislative and administrative barriers in the present employment and training system. In both instances we have been fortunate to work with governmental units and businesses which were willing to work to overcome these barriers. Unfortunately, in spite of our ability to make these programs occur, Chrysler Learning, Inc. has been able to identify at least four (4) other similar important retraining opportunities, both inside and outside of our Corporation, which cannot occur because of barriers within the current legislation. The dichotomy between legislation designed to train and retrain unemployed persons for productive employment, and legislative provisions and regulations which preclude this occurring, is a serious problem which in the formulation of this new legislation ought to be remedied.

LEGISLATIVE RECOMMENDATIONS

To that extent, we have a series of recommendations for your consideration in the development of the new employment and training legislation. Our recommendations are limited to matters relating to the roles and responsibilities of the private sector, an area in which we believe that we have substantial expertise. While we recognize that there are a number of other issues of importance as you formulate the legislation, we also know that many well qualified organizations, such as the National Association of Counties, Conference of Mayors, League of Cities, and National Governor's Association, have already addressed you during your hearings on such matters. Please then, consider the following:

I. IN THE ESTABLISHMENT OF THE GOVERNANCE STRUCTURE OF THE EMPLOYMENT AND TRAINING SYSTEM, CHRYSLER LEARNING, INC. RECOMMENDS THE FOLLOWING REGARDING THE REPRESENTATION OF THE PRIVATE SECTOR.

A. *In the instance of all provisions of the act, the term private sector be defined as private-for-profit businesses or industries and be limited to organizations with profit/loss responsibilities.*

B. *For the purposes of participation in either the Governor's Council of the local Industry Council, a private sector business or industry participating in that council should have the unrestricted capacity to recommend who most appropriately represents its community of interest with respect to employment and training programs.*

C. *The Governor's Employment Council should be composed of a majority of business/industry representatives who are reflective of the State's current economic base; economic sectors targeted for future growth due to major economic development initiatives planned in the State; local industry councils; as well as small and minority and women-owned companies.*

D. *The local or substate industry council should be locally selected, again composed of a majority of business/industry representatives who are reflective of the current local economic base, economic sectors targeted for future growth due to major economic development initiatives planned in the local jurisdiction; as well as small and minority and women-owned companies. No additional restrictions such as the necessity to be recommended by "a general purpose business organization" should be added to constrain local effective composition of this council.*

In considering who should constitute the governance of employment and training programs, there are three issues that should be addressed pursuant to the private sector.

Who appropriately constitutes the private sector?

It would seem reasonable that the private sector should be defined simply as a private-for-profit business or industry. The distinction between private businesses and public and/or private-nonprofit businesses is appropriately made by denoting profit/loss responsibility.

The inclusion of other public or quasi-public organizations as called for in the Administration's version of the Bill which states:

> "... or (B) for other purposes under the Act, any nongovernmental employer, including, pursuant to regulations issued by the Secretary, AMTRAK, CONRAIL, Indian, and Alaskan Nature tribal enterprises, and nontraditional Government-operated businesses such as State operated railroads and beverage stores,"

inappropriately represents the community of interest of private sector businesses. Should it be deemed appropriate to include such organizations in a portion of the legislation, they should be represented as either public or quasi-public organizations.

Within this issue of what organizations constitute the private sector, who should represent these businesses/industries is an important matter as well. We recommend that there be no attempt to restrict the ability of private sector entities in designating their representatives.

For example, in Section 4, the Administration's Bill refers to "persons from the upper management." In Section 103, the Senate Bill refers to "owners," "chief executives or chief operating officers," or those "who have or have had profit and loss responsibility for an autonomous part of a business." This unnecessarily restricts the participation of business officials, and in fact, limits the range of the expertise available. As examples, such definitions may be interpreted to preclude the participation of managers of human resources departments or personnel departments who is some instances may have actual hiring and staff training responsibilities. We believe that business and industries are quite capable of designating their own most appropriate representatives.

What type of private sector representation is now appropriate for the Governor's Employment Council?

Within the context of the bills pending to authorize the new employment and training legislation, the Governor's Council would be charged with important responsibilities for examining both the employment and training needs resulting from current private sector demand and examining future needs resulting from economic development. Given this, we believe that the requirement calling for the majority of the membership to be from the private sector is appropriate, and we also recognize the need for the involvement of various employment and training-related public agencies.

To assure that this Council can competently carry out its responsibilities, we would recommend that the private sector representatives be selected in a fashion which is reflective of the State's current economic base; economic sectors targeted for future growth due to major economic development initiatives planned in the State; as well as small and minority and women-owned companies. Further, we concur that representatives of local private industry councils, as required in Section 104 of the Senate Bill, are necessary to assure state coordination with local initiatives.

What type of private sector representation is appropriate for local Private Industry Councils?

Among the greatest strengths of the current employment and training delivery system has been the involvement of local employers on advisory councils as partners with local delivery agents in the design and delivery of training programs. Through the CETA Private Industry Councils, Chrysler Learning, Inc. has worked closely with local prime sponsors to design training programs that serve the training needs of our Corporation, and other businesses/industries, as well as the need of training participants. We believe this approach to be well conceived, and support its continuation and strengthening in all of the proposals currently before Congress.

In order to assure the continued effectiveness of such local industry councils, it is absolutely critical that local service delivery agents retain the fullest possible authority to determine the composition of their private industry councils. Given this, it would be inappropriate for the Governor to be responsible for making such appointments, as under Section 105 of the Administration Bill. We also fail to see why it is necessary to limit private industry representatives to those nominated by "general purpose business organizations" (Section 103 of the Senate Bill). The objectives of the PIC would be better served by allowing for greater appointment flexibility.

II. IN CARRYING OUT THE EMPLOYMENT AND TRAINING PLANNING PROCESS, CHRYSLER LEARNING, INC. RECOMMENDS THE FOLLOWING TO ASSURE THE EFFECTIVE UTILIZATION OF THE PRIVATE SECTOR IN THAT PROCESS:

A. *The Governor's Employment Council's coordination responsibilities be constituted to focus on generic issues involving the existence and growth of employment within the state as well as the facilitation of public-private partnerships. The Council should not be diverted from this important mission by being charged with over-*

seeing a multitude of other State responsibilities. A coordination role with respect to other employment and training responsibilities a State would allow the Council to facilitate joint planning efforts without unnecessarily over-burdening the Council.

B. *The local Private Industry Council should be charged with major responsibility for facilitating the actual local planning process in a way that assures that local employment and training programs meet local private sector needs.*

The pending bills propose planning system which, while they differ in some aspects of the process, all contain two major elements in which the private sector should have a major role. First, regarding the Governor's Coordination responsibilities; the appropriate function of the Governor's Employment Council is to serve state operating agencies as an advisor on broad, generic issues involving the existence and growth of employment. In addition, it should facilitate the state's discussion regarding the nature of the public-private partnership. To that end, it should not be the function of the state council to govern so many distinct and separate activities that it cannot clearly focus its work in the development of public-private partnerships for training and for employment. Section 104 of the Administration Bill, for example, requires the council to assume responsibilities under the Wagner-Peyser Act, the Occupational Information Coordinating Committee of the Vocational Education Act, as well as allowing for the assumption of additional responsibilities. By requiring such councils to become involved in so many issues and activities, the councils will not be able to focus their efforts on the most critical and appropriate issues for private sector representatives. The coordination approach of the House Bill (Section 106) would allow for coordinating planning efforts without unnecessarily burdening the council.

Secondly, with regard to planning responsibilities, it should be the function of the Private Industry Council to be involved in local planning of local training programs to meet the needs of the local private sector. These are critical needs that are not easily met. While it is useful to examine labor market information, it is also necessary to actually identify specific needs for actual employment opportunities by local business representatives, and to network information for the local program of other opportunities within similar businesses/industries. This can occur, of course, only when effective local public-private partnerships are effectively forged and allowed an unrestricted reign in their planning process.

III. IN IMPLEMENTING EMPLOYMENT AND TRAINING PROGRAMS, CHRYSLER LEARNING, INC. RECOMMENDS THE FOLLOWING TO ENHANCE THE EFFECTIVE PARTICIPATION OF THE PRIVATE SECTOR

A. *Established training programs within businesses/industries be utilized more significantly in the delivery of employment programs. To accomplish this:*

   1. *They should be referenced in the legislation as appropriate and desired training agencies in conducting training and retraining activities.*

   2. *Unnecessary restrictions limiting the use of established training programs within business/industries must be curtailed.*

   3. *The utilization of performance-based and/or fixed fee contracting should be encouraged.*

B. *On-the-job training should remain a viable training tool allowing for both a simple reimbursement system and limiting needless restrictions.*

In order to most effectively forge the public-private partnership in training program, it is critical that training legislation recognize the role of the current training capacity of private sector corporations. These private-sector programs have, and can continue to play, an important and productive role in linking training programs for the unemployed with private sector training needs.

Explicit recognition of the role of established training programs within business/industry should be made, where appropriate, in the legislation. For example, the House Bill (Section 442), the Senate Bill (Section 223), and the Administration draft Bill (Section 208) each authorize the use of demonstration and pilot projects to test and develop innovative program and service delivery designs. Yet, only the House Bill recognizes the role of the private sector in participation in such projects. The Senate Bill is unnecessarily restrictive on this, both with regard to type of project (dealing only with artificial barriers to employment) and with regard to trainees (giving special preference only to community-based organizations of demonstrated effectiveness).

We also support the explicit recognition of private sector trainers provided for in Section 112 of the Administration Bill. It recognizes that private sector employers or consortia of private sector employers can offer training.

But, beyond these more explicit recognitions of established training programs within private sector businesses, it is important that the legislation, in its form and its substance, implicitly recognize the role of private sector trainers. It is crucial that training legislation not impose unnecessary statutory or administrative barriers to the flexible design of programs to meet private sector needs. In order for the public sector to attract the private sector as a partner in providing training, programs must be as administratively simple as possible.

As the involvement of the private sector in government training has grown in recent years, particularly under the private sector initiatives of CETA, prime sponsors and the private sector have been searching for ways to simplify administrative requirements. One device that is being increasingly turned to is the performance-based contract. Such a contract provides built-in incentives for trainers to meet public training objectives while allowing for a minimum level of reporting paperwork. Such contracts are also useful devices for assisting prime sponsors in meeting their own performance standards. Yet, the use of such contracts has not been strongly encouraged under the present legislation. Certain administrative ambiguities have made many prime sponsors reluctant to utilize this device on a wide scale, and this is unfortunate. Private sector trainers would be far more willing to become involved in a partnership with public training efforts if they could be certain that the administrative burdens of such a partnership would not be excessive. Under fixed-price, performance-base contracts, such burdens are indeed minimized. Thus, we support the explicit recognition of the use of performance-base contracts found in Section 112 of the Administration draft, and would hope that such recognition will be found in the final legislation.

It is also important that on-the-job training (OJT) remain an attractive option for employers. Since the early days of government training programs, OJT has been consistently shown to be among the most effective training devices, consistently leading to permanent unsubsidized employment for trainees. There are two principal reasons for this. First, OJT is a training experience custom-tailored to meet both the trainee's and the employer's needs. For both, it is a productive employment experience right from the start, and it allows the employer to assume the burden of training an employee, at a minimum of risk.

Secondly, OJT is remarkably simple in its design, providing for relatively little paperwork, reporting, or administrative strings. By providing for a simple, functional wage reimbursement to the employee, OJT is an extremely attractive design for both the employer and the service delivery agent. We, therefore, support the Senate Bill, which specifically allows (in Section 105) for percentage wage reimbursements as an appropriate means for reimbursing employers for training expenses.

IV. IN ORDER TO ASSURE THAT OUR NATIONAL EMPLOYMENT AND TRAINING POLICY IS A VIABLE ANSWER TO OUR NATION'S UNEMPLOYMENT PROBLEMS, RETRAINING MUST BE AN INTEGRAL ELEMENT OF THE TOTAL PROGRAM AND SUCH EFFORTS MUST SIGNIFICANTLY INVOLVE THE PRIVATE SECTOR:

A. *Eligibility for participation on retraining programs must be defined broadly to encompass all those laid off workers whose skills have not remained contemporary with employer needs and, therefore, have significant barriers to employment. This should include laid off workers receiving unemployment, laid off workers who are not eligible to receive unemployment insurance benefits, and laid off workers who have exhausted their unemployment insurance;*

B. *Retraining should occur to the extent that local need, due to the composition of unemployed workers in their area, dictates a demand for such services. Therefore, while a nationally determined formula would be inappropriate, so too would any arbitrarily established limitations on the amount of funding that can be spent for such purposes by a local program.*

We are pleased to see that both the House and Senate Bills recognize the importance of the retraining of displaced and laid-off workers as an element in the public-private partnership. A significant part of the training needs of industry involves upgrading and retraining for workers whose skills, during lay-off, have failed to remain contemporary with industry needs.

The evolution of the technological base of the American economy is critical if American industry is to remain competitive and productive. Since the industrial revolution, American businesses have continually sought out more productive and efficient means of manufacturing and production. This process has required that business engage in two important efforts. First, business and industry have devoted a significant proportion of their operating capital to research and development in order to invent and develop the technology necessary to improve their operations. Second, industry has taken these new technologies and put them to work, training and upgrading their workforces to employ new skills. In this way, the labor force and industry have kept pace with each other, rarely skipping a beat as new technological skill needs have arisen. Let there be no mistake, this is a simple matter of necessity. These investments are made with an eye toward returns in the form of future competitiveness and profitability. That is the way the system is intended to work, the way it ought to work, and the way it has worked with rare exception.

However, a combination of recent stagnation in economic growth and rapid technological growth have brought on some problems with this system. When workers face long-term unemployment, due to a combination of technological change and economic stagnation, they fail to keep pace with the skill growth that is critical to American industry. Industry is unable to provide such skill growth since the workers are not working.

This is not an isolated problem affecting a few people, a single occupation, or a small region. This problem effects thousands of workers, many major industries, and large regions of the country. It is in addressing this problem that the public sector can play an effective partnership role with the private sector. A program that makes target money available for retraining displaced workers can be useful in assisting the private sector in maintaining a contemporary, skilled workforce.

We support, in general, the approach laid out in Title III of the House Bill. Under Title III, funds allocated among the state are available under a matching basis, and define those unemployed as a result of any plant closure or "permanent reduction in force" as being eligible. We would, however, suggest that two modifications to this approach be made.

First, funding should be more targeted. The allocation formula contained in Section 302 of the House Bill bears little relationship to need among the states. Second, we would suggest that an eligibility criteria defining those unemployed as a result of a "permanent reduction in force" (Section 308) is not workable. Few employers clearly identify layoffs as permanent, unless a plant is closed. We believe the criteria used to identify dislocated workers in Section 502 of the Senate Bill to more accurately characterize the population that should be considered eligible for retraining programs.

V. IN ORDER TO ASSURE THAT OUR NATIONAL EMPLOYMENT AND TRAINING POLICY REMAINS A VIABLE ANSWER TO OUR NATION'S UNEMPLOYMENT PROBLEMS, LINKAGES WITH ECONOMIC DEVELOPMENT INITIATIVES MUST OCCUR AND SUCH EFFORTS MUST SIGNIFICANTLY INVOLVE THE PRIVATE SECTOR:

A. *Program options should be allowed and incentives should be provided to employment and training programs to link with economic development efforts in order to assure and maximize the occurance of such initiatives.*

B. *Needless barriers which preclude linking employment and training programs with economic development efforts should be eliminated.*

While clearly responding to the existing demand that business/industry has for trained workers is important, in order to ensure that our country has a trained labor force that can respond to the development of new businesses and industries and that the trained labor force has future career-path opportunities, there should be strong linkages between employment and training programs and economic development efforts. In addition, to facilitate this occurring, there should be incentives - such as positive recognition, relief from constraining regulations, and/or additional funding - to make such joint ventures attractive.

Perhaps most importantly, to assure that such activities can occur would be the elimination of barriers to those linkages that are either legislatively, regulatory, or administratively imposed. For example, from the business side, economic development-related projects often require investments in either construction or, more frequently, capital investments. This requires long-range planning and would call for close cooperation over a period of time, with both the public and private partners aware of potential implementation problems and committed to jointly resolve them. In order to be able to do this effectively, fiscal year restrictions on spending time-frames and project dates would have to be eased. In the long run, though, through these and other similar examples, the payoff to both business and government could be substantial.

VI. IN ORDER TO ASSURE THE EFFECTIVENESS OF EMPLOYMENT AND TRAINING PROGRAMS, CHRYSLER LEARNING RECOGNIZES THAT MEANINGFUL PROGRAM MONITORING AND EVALUATION EFFORTS ARE NECESSARY:

A. *Performance standards should be linked to appropriate program outcomes recognizing local economic conditions.*

B. *Performance standards must be easily and readily determinable.*

C. *Inadequate performance presents problems to be remedied through appropriate administrative procedures, but their solutions should not penalize the area's unemployed population.*

Chrysler Learning, Inc. believes, as with any private sector firm, that performance standards to measure the effectiveness of activities are necessary in the public sector. Employment and training programs should be evaluated through participant outcome measures that are easily documented, measured, and tha take into consideration local economic conditions. Beyond these general performance standards, the establishment of additional program goals must be left to the local private sector advisory councils in order to reflect local training priorities and economic conditions, as proposed in H.R. 5320.

Performance standards must be utilized as an evaluative tool, with incentive or bonus grants available for areas which exceed those general standards. It should also be recognized that failure to meet performance standards in any particular area may be due to many causes beyond simply mismanagement. In instances in which areas fail to meet these standards, the performance goals should be reviewed for errors or failure to consider some unique local problems, and technical assistance should be provided to the administering agency. Prolonged failure to achieve performance standards should not be a device used to penalize the unemployed population in the area by reducing funds available as proposed in the Administration Bill, but rather result in the designation of a new local administering agency.

CONCLUSION

Again, we express our appreciation for the opportunity to appear before you today. This legislation is an important step in not only the evolution of governmental employment and training programs in our country, but also a significant opportunity for the renaissance of business and industries. We assure you of our committment to join with you in this challenge - a challenge to see that America wins.

Respectfully submitted,

Patricia A. Bambery
Patricia A. Bambery

Senator **Quayle**. Thank you very much. Ms. Bambery, let me ask you a question along the lines of your testimony with regards to retraining displaced workers.

Have you had a chance to examine the various pieces of legislation that direct themselves toward the displaced worker, and, if you have, which one is preferable, and can you give us some guidelines that we should follow? I am obviously interested in the displaced auto worker, if you might have some particular recommendations.

Ms. **Bambery**. We are obviously interested in the displaced auto workers as well.

We have looked at all the pieces of legislation, and the specific recommendations that we have would be I think the intent of looking at the permanently displaced worker is important; however, very few companies actually identify individuals as permanently displaced, because it causes problems with the collective bargaining agreement. If you do identify people, though, as individuals who are in areas where there are obviously skill surpluses, I believe that would meet the intent that you are looking at.

Our second major problem, though, exists in portions of different pieces of legislation that set specific limitations on the dollar amount. For example, the administration's bill allows for only a use of 5 percent of the dollars coming into the State for the purposes of retraining. Obviously, this would not be a significant amount in Michigan or Indiana or any of the other industrial States that are really suffering from problems of dislocated workers.

So we believe that the formula should be allowed to represent the level of unemployed workers who are dislocated workers within the total context of the unemployed population.

Senator **Quayle**. The industry isn't going to identify dislocated workers. Who is going to identify dislocated workers and put a number on those people in the formula that you suggest?

Ms. **Bambery**. Under the current system in retraining, the eligibility is established so that local employment security programs just certify whether an individual is unlikely to receive a job in their field again. It looks at the skill surplus area, and I think that that would probably be an appropriate way to consider it.

Now, the current legislation does have tremendous problems in serving these needs, though, because a person can only have received a layoff notice within the last 6 months in order to be retrained. Those are hardly the individuals who are suffering the most from problems of retraining.

Senator **Quayle**. In our legislation, which will be national in scope, do you feel that it would be advisable for us to give as broad a definition as possible to the displaced worker—for example, stating that a displaced worker is someone who has no real chance of returning to that place of industry—and then leave it up to the Governors or to the local PIC councils and chief executive officers of the labor market area to determine how many of those have no real opportunity to return to work?

Ms. **Bambery**. I think that would be extremely workable.

Senator **Quayle**. Let me just ask one question of all the panel members.

You have testified on the diligence and capability of for-profit industry on training, and during hearings prior to this we have had testimony from businessmen and women showing the huge amounts of dollars that the private sector puts into training programs. I forget the exact amount, but it was significantly high.

Given the thrust of your testimony, that you want to have more of an emphasis on for-profit training, and that you have an inherent added expertise just by the fact that you're in business and making a profit, many of the community-based organizations that have been around have built up a certain rapport with the community and a certain emphasis on training, they come forth with a very good argument that they are the proper ones for doing the training. We need both, in my opinion.

I wonder who you would like to see make that decision on who would be the deliverer of services. Mr. Cook?

Mr. Cook. I believe the PIC, or whatever group is identified in the legislation, should be the manager of the programs. Therefore, they should, on a competitive basis—whether they be profit or nonprofit contract for services—I think that they should have to compete so that the user of the program, the person to be trained, gets the best results.

Senator Quayle. Mr. Tershy?

Mr. Tershy. Well, Senator Quayle, we are a nonprofit organization, not for-profit, We are very large. We have community advisory boards, community boards of directors which make the decisions, and industrial advisory boards which work together for job development—and work extremely well!

One of the things that I think a community-based organization can accomplish is its total flexibility—for example, as executive director, I can make decisions on curriculum with industry on what skills to go into, and change our training program within 24 hours. I can expand skills and contract skills based upon the job, where there are jobs. Overly structured systems can't do that.

So we have the flexibility to operate. Now, I would say that the money should go to those who have demonstrated effective programs, and I think there should be some criteria on demonstrated effective programs. The bottom line is placement for those who train and place people. Training should be in skills which are demand skills and which have a lot of jobs going begging because there is nobody there with the skills to be put into those jobs, in spite of high unemployment. I believe that community-based organizations have the flexibility to do this very well.

I am not talking about a community-based organization that isn't a skill training center, which specializes in a lot of things, but one that specializes only in skill training and placement.

Senator Quayle. Ms. Bambery.

Ms. Bambery. Two quick responses: One, we don't believe there should be any presumptive service delivery agency, that that should be left up to who can perform the best and in the most cost-effective fashion.

Second, I think that is really handled by a competitive bidding process. The competitive bidding process allows people with demonstrated effectiveness and appropriate credentials to be selected in the process.

Senator **Quayle**. Mr. Hawkins.

Representative **Hawkins**. Ms. Bambery, on page 8 of your prepared statement you indicate that you have worked successfully with the CETA private industry councils under the current law and that you believe this approach is well conceived and you support its continuation and strengthening in all of the proposals currently before Congress. I suppose that's clear enough.

Would you, therefore, support giving to the private industry councils concurrent jurisdiction along with local governing bodies? Would that be along the lines that you're suggesting?

Ms. **Bambery**. Undoubtedly, in a local community, for programs to work, you must have all of the elements in that community support the program—that is, the private sector and the public sector—and we feel that it is necessary for all of them to work together and work together well.

Representative **Hawkins**. In another part of your statement you seem to imply that local market conditions require a local initiative approach rather than either a state or national approach; is that a correct assessment?

Ms. **Bambery**. It would seen to me that there are two levels of responsibility. One, at the State level, we need to look at aggregate kinds of responsibilities in a given State; that is, how can we best overall coordinate the economic development initiatives of the State with the employment and training initiatives.

But to get down to kind of where the real actual job openings are, that really becomes a local matter for local businesses and local elected officials to work together on.

Representative **Hawkins**. Would you oppose taking that away from the local people and addressing it to the sole elected official in the State, such as the Governor?

Ms. **Bambery**. I think in order for it to work there needs to be a reasonable compromise. The State clearly needs to have a role because the current Federal process is unmanageable. But within that the role of local communities and local elected officials and local businesses must be preserved to put together very workable programs coordinated with economic development.

Representative **Hawkins**. Are you really saying that their roles should be clarified so that their respective jurisdictions are within the confines of their legislative authority, that these roles should be clarified?

Ms. **Bambery**. Yes, sir.

Representative **Hawkins**. Mr. Cook, may I commend you on the very fine job that RCA has done with Job Corps. I think it has been exemplary and certainly, I think, underscores your recommendation that this program be continued at its current level and not reduced.

In view of the fact that there is at least in one of the proposals, I think, a prohibition against stipends and allowances in the Job Corps program, which as you say has been very effective and even cost effective, that this idea has succeeded. I assume that from the experiences you have had, you are not only against reducing the Job Corps, which to me does not make any sense, how do you feel about the payment of stipends and allowances?

Mr. Cook. Within the Job Corps program I believe there is a minimum stipend requirement. They do have in most cases very little to offer when they come to the program. They have no money to buy the essentials, toothpaste, and other things, and unless we provide those, I think they are going to have to have incentives.

By the way, the stipend should be an incentive process. They should start with the bare minimum and, through progress in the program, then and only then should they get increased stipends.

Representative Hawkins. It seems to me that idea has been the best, that you don't make it a disincentive to stay in and not learn anything or profit from the program, but that there be a formula worked out whereby individuals are compensated for progress through a system, and in your opinion, I assume that has worked.

Mr. Cook. Yes, sir.

Representative Hawkins. Mr. Tershy, let me move on to another question here, and that is, on page 5 of your statement you say that CET has found—let me go on down below that:

> In a recent workshop of California industry and State legislative staff, CET confirmed that industry does not want to train unequipped, unsophisticated, unskilled, inexperienced and jobless persons. In fact, they will not do the training, even lured by tax credits and other incentives . . . and so forth.

Would you amplify on that statement? Was this a finding of this particular meeting?

Mr. Tershy. Yes, Congressman, I will.

For 15 years we have had an industrial advisory board, and they were very cooperative and they helped us. It is a real working industrial advisory board. Our industrial advisory board—and we had a hard time selling OJT—want skilled and trained people. These are the main industries in Silicon Valley, and they want skilled electronics technicians, electronic assemblers, machinists. They need all the 22 skills which we train for, and we give them a lot of skilled people.

Industry does not seem to want to do the paperwork, and they also do not feel that they can train people at the bottom level—like farm workers, welfare recipients, who need social skills—they really want sophistication and knowhow on how to handle the industrial setting. And we do that in our training. It is all-inclusive training plus social skills.

Now, we were given by the Department of Labor, about 3 years ago, $6 million to train seasonal and migratory farm workers for the electronics industry in high technology skills. The Department of Labor came and met with seven members of our industrial advisory board and asked them, "If you're so short of help, why don't you train them?" The answer was, "Well, we really can't do the training and the counseling at that level. But if you would train them to entry level, and then brought in, then we will do the training from there on—upgrading."

Now, what we did, we sponsored a seminar whereby we got legislative aides from about seven different State Assemblymen, and State senators, and then we got some seven or eight of the industries like Hewlett-Packard, IBM, et cetera, to talk sort of off the cuff and to have a dialog. The dialog validated what we knew all along from day-to-day activity—that they will not train at that level.

We have even found that it's hard to get some industries to take the tax savings they get from hiring our people. They don't seem to want to do the paperwork. I don't know what it is. So at any rate, what we would like to do is bring some of our industry people to Washington, D.C. for a dialog with some of the legislative people here, because I think it would be very productive.

Representative HAWKINS. Thank you.

Senator QUAYLE. Mr. Jeffords.

Representative JEFFORDS. Thank you, Mr. Chairman.

Ms. Bambery, I'm a little confused over your testimony with respect to funding for displaced workers. My problem is that we're going to have a limited amount of funds available, and you expressed the desire within your testimony for targeting, making sure it is targeted to the right places. Yet you seem to agree with Mr. Quayle, that you should have the broadest possible local definition for maximum flexibility.

In my experience, in the ability of local areas to expend any funds that they find available is pretty good. Therefore, if you have a limited amount of funds, I am worried that, without some other targeting, you're going to have everybody using those funds throughout the country in some imaginative way, and that the areas of intense unemployment due to dislocation, will not get adequate funding.

I wonder if you would straighten me out on that. Let me be more specific about the different approaches in these bills. In some of the bills, funds for displaced workers is distributed throughout the country on a formula basis. The proposition that I have in my bill is that it would be targeted to areas, letting the Secretary of Labor award it on the basis of demonstrated need.

I wonder if you would give me an idea on what you mean by "targeting" and how you reconcile that with a broad definition, so that everyone is able to use the funds?

Ms. BAMBERY. We would recommend that what happens is that you take a formula allocation—and I presume the matter of what formula allocation in terms of the dollars and how much you weigh the level of unemployed, versus level of economically disadvantaged, is really a matter of political compromise.

So whatever you come out with in terms of that, the amount of money that goes to——

Representative JEFFORDS. Excuse me. Are we talking about a formula allocation of a dislocated worker program amongst States, or are we talking about allocation of funds to be expended for dislocated workers?

Ms. BAMBERY. Within the amount of money that a State would get, they should be able to use a proportion of that that is most appropriate for dislocated workers, because obviously, your need for dislocated workers in Michigan is substantially different than it would be in Texas. So out of the dollars coming to Michigan, as opposed to saying that you could use 5 percent of it or 15 percent of it, or whatever, for dislocated workers, that matter could be determined based on the kind of representation that dislocated workers have in the total unemployed labor force in that area.

Representative JEFFORDS. In other words, you would allocate funds generally throughout the State based upon some formula, and then allow the State total flexibility to allocate within that State?

Ms. **Bambery**. Correct.

Representative **Jeffords**. And you wouldn't find any problem with the fact that some States might have both a large number of unemployed who are not dislocated, plus those that are dislocated, so that you wouldn't have a disproportionate or larger sum going to——

Ms. **Bambery**. But in your overall formula, then, at least the factors are being considered in all of the different pieces of legislation and would have that State getting more money than States that had, you know, the incidence of fewer of those problems.

Representative **Jeffords**. In other words, you wouldn't have a separate dislocated workers program; you would just give money to the States and let them use it as they want?

Ms. **Bambery**. Correct, with the opportunity to appropriately use it for dislocated workers.

Representative **Jeffords**. Mr. Tershy, I note in your testimony—and I tend to agree with you—that it is not a good idea to let prime sponsors actually operate the programs.

I wonder if you would elaborate a little on that, as to why you feel it is not a good idea?

Mr. **Tershy**. You mean operate them directly?

Representative **Jeffords**. Right.

Mr. **Tershy**. Well, mainly because of a conflict of interest, and mainly it is a terrible temptation administratively to keep all of your own staff on board. So you sort of try to encroach and operate more programs. And, third, they don't have the flexibility to do that.

Now, what has been the tendency in CETA—and I think fostered by the Department of Labor—was to have a centralized intake and centralized recruitment with the idea that they then send participants to the different programs. It used to be that we did our own recruitment. We now have 7,000 people on our waiting list. We have all the administrative machinery and a big operation in place. But we had to stop doing that and let CETA centralize recruiting. Well, we still need the staff to process them—they still come into us and we have to send them over there to CETA's centralized administration to certify eligibility. It is a duplication of effort.

It is much more cost effective and less confusing to the client if the organization doing the training does everything holistically, from intake, recruitment, and placement. It has the responsibility to train, job place, and follow up on work retention after they are placed. So I think there is a possibility of a conflict of interest; and I also think there is a possibility that they get free employees to do some of the city and county work.

Representative **Jeffords**. Mr. Cook, briefly, do you think it would be possible for the States, under the administration's program, to pick up the cost of the Job Corps programs if the funding is cut and the program is phased out at the Federal level?

Mr. **Cook**. No, sir, I do not. First of all, the Job Corps programs, with very few exceptions, bring in students from a variety of different locations. Once you give it to the State to operate, then they are obviously going to serve their own constituents first. I think they will also defeat the general purpose of Job Corps, which is a national program to address that unemployment group of young people, this employment will continue to grow much faster; so I am disappointed with the administration's approach, sir.

Representative JEFFORDS. Thank you.

Senator QUAYLE. Ms. Bambery, Mr. Tershy and Mr. Cook, we thank you.

Our next panel is Ms. McGuire, Mr. Finamore, Mr. De Lone, Mr. Rasmussen, and Ms. Kirkpatrick.

STATEMENTS OF NINA McGUIRE, EMPLOYMENT TASK FORCE, THE NATIONAL URBAN COALITION; JAMES FINAMORE, DIRECTOR, DEPARTMENT OF MANPOWER, NATIONAL COUNCIL FOR URBAN ECONOMIC DEVELOPMENT; RICHARD De LONE, PRESIDENT, PUBLIC/PRIVATE VENTURES, PHILADELPHIA, PA.; NEAL RASMUSSEN, VICE PRESIDENT, IMPACT SEVEN, INC., REPRESENTING THE NATIONAL CONGRESS FOR COMMUNITY ECONOMIC DEVELOPMENT; AND CORKY KIRKPATRICK, PRESIDENT, NATIONAL ASSOCIATION OF REGIONAL COUNCILS, A PANEL

Senator QUAYLE. Ms. McGuire.

Ms. MCGUIRE. Senator Quayle, I wish to briefly summarize the National Urban Coalition's testimony and have the remainder of the text inserted in the record.

Concerning the Federal, State and local role, the coalition believes a strong Federal presence is necessary to operate a viable employment and training program. Compliance with basic objectives such as targeting nondiscrimination and standard setting, along with monitoring and enforcement of regulations, are best undertaken at the Federal level.

Community-based organizations such as, of course, the National Urban Coalition, have and should continue to play an important role in the area of service delivery and outreach. They are also effective in articulating the needs and views of the people that the programs are serving.

Concerning targeting, with resources dwindling and unemployment continuing and record high post-war levels, the need to target to those disproportionately affected—youth, minorites and women—has never been greater. Targeting reduces creaming by placing those most in need rather than those most easily trainable.

We recommend strong statutory language that targets funds to the subgroups mentioned above as an absolute necessity if this Congress wishes to realistically begin to tackle our chronic unemployment problems.

Coordination with the private sector. The coalition believes that the private sector must be brought into the employment and training system to a much greater extent. Five out of six nonfarm jobs are found in the private sector. Small businesses must be included in Congress, delineation and definition of the private sector. Studies have documented that most new net jobs are created by businesses with 20 or fewer employees.

Private employers also need assurances that Congress will not alter the basic framework or the structure that is reauthorized this year. Developing stronger linkages with business will enable the Federal Government to better tailor their employment needs to meet every-changing labor market needs.

Concerning CETA, CETA was not all bad. Studies released in the last year have documented the increase in wages, the skills acquired, and the increased job retention for participants. The costs of placing a CETA participant in unsubsidized jobs are substantially below those associated with other, less desirable forms of support, such as welfare or incarceration.

We recommend that Congress take a hard look at what has worked in CETA before going ahead and considering scrapping the program.

In conclusion, we really can't afford to continue to allow significant numbers of our citizens, particularly our minority youth, to remain unfamiliar with the work ethic and incapable of sharing in the Nation's wealth of social benefits. We suggest that Congress should be unflagging in its commitment to this necessity and to a substantial investment in our Nation's human capital, particularly in the face of a shifting industrial base lagging productivity and continuing chronic unemployment.

We believe that society has turned its back on many of these people, leaving them to face deteriorating housing, inadequate and overcrowded schools, hopelessness and mounting frustration. We hope Congress won't do the same and suggest that the long-range social costs would be staggering.

Thank you for your time.

[The prepared statement of Ms. McGuire follows:]

The National Urban Coalition
1201 Connecticut Ave., N.W. • Washington, D.C. 20036 • 202 / 331-2400

TESTIMONY

By

NINA McGUIRE

Of

THE NATIONAL URBAN COALITION'S
EMPLOYMENT TASK FORCE

Before the

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
And the
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

Joint Hearings On

Employment and Training Reauthorization

March 18, 1982

Chairman: Robert M. Pippitt / *President:* M. Carl Holman
Co-Chairpersons: John T. Fey, Aileen Hernandez, Sol M. Linowitz, James M. Roche, Raul Yzaguirre
Vice-Chairpersons: Dorothy I. Height, Jesse Hill, Jr.
Secretary: Myrlie Evers / *Treasurer:* Glenn E. Watts

Good afternoon, Mr. Chairmen, Members of the Subcommittee. I am Nina McGuire, member of the National Urban Coalition's Employment Task Force. The Coalition came into existence 15 years ago in the wake of the riots, with a convocation of business, labor, government, and community leaders, to try and develop responsible solutions to our cities' problems. I am pleased to have this opportunity to appear before you to discuss the components the National Urban Coalition feels are essential in a comprehensive employment and training program. We commend the chairmen for having the foresight to conduct these joint hearings. We are also encouraged by the actions taken last week in the House Education and Labor Committee. The $6 billion authorized for employment and training would begin again to address our country's chronic unemployment problems.

With an unemployment rate among Blacks of 17.3 percent and over 40 percent for Black teenagers, Congress should also seriously consider the need for an emergency stimulus package to provide jobs, while at the same time helping to repair our cities' deteriorating infrastructures.

FEDERAL/STATE/LOCAL ROLE

The present CETA structure embodies a block grant approach, calling for joint federal/local responsibility and accountability. CETA consolidated most federal manpower programs in 1973, but maintained basic federal standards. It was during these early years that CETA encountered such problems as the misuse of funds, including substitution for other city dollars, nepotism and a lack of federal direction. However, amendments in 1976 and 1978, which included a stronger federal presence through increased monitoring and accountability have made the past 1978 CETA programs substantially free of the aforementioned problems.

We agree there is a continued need to allow flexibility to local program operators who have first-hand knowledge about local conditions and problems. But we should not discount the wealth of expertise and knowledge the federal government has gained while managing employment and training programs.

The Coalition would be willing to explore some reductions in the number of prime sponsors, but is strongly opposed to the state block grant embodied in the Administration's bill. Eliminating a strong federal presence could easily throw the system back to its pre-1978 problems. The best way to ensure compliance with basic objectives such as effective targeting, nondiscrimination and standard setting is with careful monitoring and enforcement of regulations at the federal level.

COMMUNITY BASED ORGANIZATIONS (CBOs)

The National Urban Coalition is an outspoken advocate for the strong role community based and neighborhood organizations should play in the delivery of services through a comprehensive employment and training program. In many cities, CBOs are relied on heavily by the prime sponsors to provide outreach services that would otherwise be more expensive and less successful. To discount the role these groups have played in prior manpower efforts would be a fundamental error in the rewriting of any new employment legislation. Their effectiveness is well documented, as is the need. Congress must act to incorporate CBOs as an integral part of their reauthorization efforts.

TARGETING

It is painfully apparent that at a time of dwindling resources the need for effective targeting is greater now than it has ever been. Efforts must be made to reduce and eventually eliminate the ever-widening gap between high rates of joblessness suffered by certain subgroups, compared to the rate for the labor force as a whole. Those most severely affected by these disproportionate rates are minorities, women and youth.

The reasons for targeting are clear. Without improved federal efforts to cope with the special problems faced by these groups, our society might well remain divided along racial and class lines, some groups working, others idle; some groups with hope, others despairing.

Women have assumed an increasing financial burden. Nearly 50 percent of minority households are headed by women. Many are poor, barely earning enough to maintain their self-respect while staying off AFDC.

Targeting also reduces the possibility of "creaming," by placing those most in need, rather than those most easily trainable and placeable.

Federal targeting will help those individuals who are now caught up in the last hired/first fired mentality currently pervasive even at the federal level. The federal reductions-in-force (RIFs) have had a disproportionate impact on minorities and women, according to the Federal Government Services Task Force.

Strong statutory language that mandates equitable levels of service to all significant segments of the eligible population should accompany any new employment and training legislation.

COORDINATION WITH PRIVATE SECTOR

The complexity and seriousness of our unemployment problem calls for a wide range of programs to meet the challenge. Intensive remedial education, basic skills development, and the availability of support services will bring some people into the economic mainstream. For others, hard hit by depressed industrial conditions, retraining may be the best approach.

More now than ever, though, we believe, federal employment and training policy needs to address the necessity of greater private sector participation in these programs if we are ever going to significantly reduce structural unemployment in this country. Five out of six non-farm jobs in our economy are in the private sector. And when we say "private sector," we also mean small businesses. Nearly all the new net jobs in the Northeast and Midwest come from firms with 20 employees or less. These small businesses have not been accorded the tax and lending advantages of their big business counterparts. The Congress and the Administration must alter their policies and attitudes toward small business or the bankruptcy rate will continue to skyrocket.

We are the only industrialized nation that does not have a coordinated employment policy. We spend less than one percent of the Gross National Product on manpower and structural programs. We need more basic information about labor market trends. Why haven't employers been required to list their job openings with the employment service?

Only in the past decade have there been any significant attempts to develop strategies that align the needs of individual businesses with those of the hard-to-employ. Roughly $90 billion in federal expenditures were made for employment and training programs from 1970-79, but less than eight percent of these expenditures were directed to program activities in the private sector. Yet, placement rates for program activities in this category have averaged 85 percent.

Private employers need assurances that the basic nature of the programs will not be altered significantly every two years. They also need to know appropriate funding levels will continue to be provided. Business needs to see the benefits that can be reaped by serving the hard-to-employ.

But we should not delude ourselves into believing the private sector is prepared and capable of training and hiring all of these hard-to-employ people. Members of the business community readily admit it. The federal government, as the employer of last resort, must continue to share a significant portion of this responsibility. The vast majority of our people will and should be employed in the private sector. The major focus of economic policy ought to be efforts to stimulate and increase private employment. However, we should not dismiss, nor exclude the essential role public employment can play during these recessionary times. We believe it is far wiser to spend funds creating and maintaining employment, than it is to require families to subsist on unemployment compensation or other forms of income maintenance.

OUR CETA EXPERIENCE

The Comprehensive Employment Training Act (CETA) was not, as some would have you believe, all bad. Much of the criticism leveled against it came prior to correcting amendments. Recent reports state that CETA enrollees' earnings increase along with the likelihood of future employment. Wages increased by $300-400 in the year after the CETA experience. Similarly, those with CETA background experience gained greater employment in the months and years after their participation in the program. Over two-thirds of the people in the national survey were still employed two years after CETA.

In fiscal year 1980, it cost between $6,000 and $16,000 to place a CETA participant in an unsubsidized job. The average was closer to the lower end, around $9,100. When you compare those figures with the cost estimated to maintain a person on welfare for a year ($14,000) or the cost of incarcerating someone for a like amount of time ($21,000 for a youth offender and $18,000 for an adult), and then add to those figures the loss of tax revenues and productivity, CETA begins to show some real dividends. After nearly seven years and four major legislative amendments, CETA was beginning to show real evidence of being an effective program in battling structural unemployment. The Congress should not completely scrap the program without learning from experience and maintaining programs at the federal level with a proven record of success.

CONCLUSION

Our chronic rates of unemployment are severe and must be addressed. We cannot afford to continue to allow significant numbers of our citizens, especially minority youth, to remain unfamiliar with the work ethic and incapable of sharing in the nation's wealth of social benefits. The potential social conflicts from the increasing competition between new women workers and young people for available jobs is enormous. The costs of addressing these problems is meager compared to the costs of ignoring them.

When we hear that the population in state and federal prisons rose by 45 percent between 1973 and 1979 and that the country's largest state prison system in Texas supported a 46 percent increase between 1975 and 1979, we wonder whether the costs in lost productivity, foregone tax revenues, increased unemployment and other public assistance, increased penal, correctional and law enforcement costs, the costs in abandoned inner city areas, and in unemployed, angry young people are worth tolerating. It is a sad truth that the social structures which convey the basic values and attitudes necessary to hold and keep a job have collapsed in many low income neighborhoods of this nation. Society has turned its back on these people, leaving them to face deteriorating housing, inadequate and overcrowded schools, hopelessness and mounting frustration. As you begin your deliberations on the reauthorization of our country's employment and training programs, we urge you and your colleagues in the Congress to carefully assess our needs.

Recent predictions by the Administration say the unemployment may reach 10 percent before any relief is forthcoming. Unemployment has already risen 1.8 percent since the Reagan Administration took office, adding some $45 billion to the federal deficit. Ten million people are out of work. One million have stopped looking. Another five million are scratching out an existence on part-time employment.

It behooves the Congress to develop an employment and training policy that will begin to serve these people, rather than allow them to continue to bear the brunt of recessionary policies. Jobs, not inflation, are number one in most Americans' minds.

Senator QUAYLE. Thank you very much, Ms. McGuire.

Mr. Finamore.

Mr. FINAMORE. Mr. Chairman, my name is Jim Finamore. I am privileged to appear here today to represent the National Council for Urban Economic Development, an organization that represent 1,500 members who are economic development professionals in more than 400 cities.

Mr. Chairman, the primary thrust of our testimony today has to do with what feel is a very important matter, the close tie-in which we are recommending between the employment and training system and local economic development.

In recent years, many professionals in the CETA system and many professionals in economic development have recognized that a close coordination between these two activities is critically important in improving the costeffectiveness in both programs.

Specifically, there are two key reasons for tying job training very closely to local economic development activities. First, job training is more effective when tied to identified job openings up front. When CETA prime sponsors have in the past worked with local economic development efforts, they have been able to easily do this, to customize the training to meet the needs of the employer.

Second, job training programs can and do aid in the job creation process. We in the Buffalo area that I am coming from have had great success in working with companies to aid in their expansion. A critical limiting factor in many of the companies in the Buffalo area has been the lack of trained employees, especially in some of the high-technology industries. We found that through our customized training programs we have been able to aid them in their expansion.

In general, the Buffalo program, which is very closely associated with the Erie County industrial development effort, has been a success. There are three key elements in this success: First, the staffs of the industrial development organization and staffs of the private industry council are very closely tied together. Second, we feel a key element in our success has been our reliance on performance-based contracting. Other speakers today have emphasized this point and we would like to reemphasize it. Performance-based contracting, in addition to being a good management tool, is an excellent tool for working with economic development. Third, we have been able to develop customized companies specific training curricula in the Buffalo area, and we feel that these elements have contributed to a success not only for the job training program but also for the economic development program.

The obstacles to a close tie-in with the employment and training and the economic development area are largely a management question, and we are making, I think, great strides, not only in the Buffalo area but across the country in trying to overcome this.

However, we do have some specific legislative recommendations for you today. One of the key obstacles of the linkage between employment and training and economic development has been the funding cycle of CETA. We would recommend that this funding cycle be closely reexamined to enable training and employment staffs to coordinate and plan their efforts along side of the economic development effort.

Employment-generating services should be maintained. We have seen some innovative uses of these that show promise for the future.

Cross representation on councils should be encouraged to help break down some of the informational barriers between the two efforts.

Last, and possibly most important, we feel that the employment-and-training system should be continued to be controlled at the local level within local government. We feel that this type of a structure would greatly facilitate the coordination. Some proposals of changing the control of the employment-and-training system to the State level we feel would present obstacles to the close linkage between the employment-and-training system and the economic development system.

I thank you, Mr. Chairman.

[The prepared statement of Mr. Finamore follows:]

MARCH 18, 1982

STATEMENT OF JAMES FINAMORE
DIRECTOR OF THE MANPOWER DEPARTMENT
TOWN OF TONAWANDA, NEW YORK AND MEMBER
OF THE NATIONAL COUNCIL FOR URBAN ECONOMIC DEVELOPMENT

BEFORE THE SENATE SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY AND THE HOUSE SUBCOMMITTEE
ON EMPLOYMENT OPPORTUNITIES

MESSRS. CHAIRMEN AND MEMBERS OF THE COMMITTEE:

IT IS MY DISTINCT PLEASURE TO BE HERE TODAY TO DISCUSS THE REAUTHORIZATION OF FEDERAL EMPLOYMENT AND TRAINING-PROGRAMS. THE HOUSE AND SENATE VERSIONS OF THIS LEGISLATION CONTAIN IMPORTANT EMPLOYMENT AND TRAINING INCENTIVES WHICH ARE OF GREAT INTEREST TO THE NATIONAL COUNCIL FOR URBAN ECONOMIC DEVELOPMENT AND ITS MORE THAN 1500 MEMBERS WHO PLAN AND IMPLEMENT ECONOMIC DEVELOPMENT IN MORE THAN 400 CITIES AROUND THE COUNTRY.

IN RECENT YEARS THERE HAS BEEN A SIGNIFICANT EFFORT WITHIN THE EMPLOYMENT AND TRAINING COMMUNITY AND AMONG ECONOMIC DEVELOPMENT PRACTITIONERS TO LINK JOB TRAINING EFFORTS MORE CLOSELY WITH EFFORTS TO STIMULATE PRIVATE INVESTMENT IN ECONOMICALLY DISTRESSED AREAS. THESE ACTIVITIES REFLECT THE CRITICAL IMPORTANCE OF SKILLED LABOR ALONG WITH INFRASTRUCTURE, LAND, AFFORDABLE CAPITAL, EQUITABLE TAXES, AND THE PUBLIC CAPACITY TO FACILITATE DEVELOPMENT AS THE PREREQUISITE FOR PRIVATE INVESTMENT. NO FIRM WILL LOCATE OR EXPAND IN AN AREA WITH INSUFFICIENT OR DETERIORATING INFRASTRUCTURE. THE PHYSICAL PLANT MUST BE PRESENT. SO TOO, PRIVATE INVESTMENT DEPENDS ON HUMAN CAPITAL, NAMELY SUFFICIENTLY SKILLED LABOR.

THE PROVISION OF SKILLED LABOR TO THE PRIVATE SECTOR IS ONLY ONE DIMENSION OF CUED'S CONCERNS. TO ADDRESS SIMULTANEOUSLY THE MAJOR URBAN PROBLEMS OF UNEMPLOYMENT AND DISINVESTMENT, WE MUST

FACILITATE THE LOCATION, RETENTION, AND CREATION OF PRIVATE FIRMS IN ECONOMICALLY DISTRESSED AREAS AND ASSIST THEM IN HIRING UNEMPLOYED AND UNDEREMPLOYED RESIDENTS. A CITY CANNOT REDUCE THE SOCIAL AND ECONOMIC COSTS OF UNEMPLOYMENT IF NEW PROJECTS CREATED BY LOCAL ECONOMIC DEVELOPMENT EFFORTS ARE FILLED SOLELY BY THOSE ALREADY EMPLOYED. CONVERSELY, AN EMPLOYMENT AND TRAINING PROGRAM THAT DOES NOT STIMULATE THE CREATION OF NEW JOBS OFTEN RESULTS IN A POOR MARKET FROM THE TRAINED CLIENTS AND LITTLE NEW NEW ECONOMIC GAIN FROM THE CITY. BOTH JOB CREATING AND JOB-FILLING PLACEMENT PROGRAMS ARE NEEDED TO REVITALIZE OUR COUNTRY'S DECLINING URBAN AREAS AND TO STIMULATE NEW NATIONAL PRODUCTIVITY AND INVESTMENT.

WHILE THE ISSUE OF BETTER COORDINATION BETWEEN JOB TRAINING AND ECONOMIC DEVELOPMENT IS LARGELY A LOCAL MANAGEMENT ISSUE, IT IS, NONETHELESS, AN IMPORTANT ISSUE WITH SEVERAL LEGISLATIVE DIMENSIONS. IN ANY FEDERAL LEGISLATION ON EMPLOYMENT AND TRAINING, CUED URGES THE CONGRESS TO CONSIDER JOB TRAINING TO BE A PART OF LOCAL ECONOMIC DEVELOPMENT EFFORTS FOR TWO REASONS:

1. TRAINING IS SIGNIFICANTLY MORE SUCCESSFUL WHEN THE JOB OPENINGS ARE IDENTIFIED BEFORE DESIGNING THE PROGRAM. PARTICIPATION BY LOCAL PRIME SPONSORS AND PRIVATE INDUSTRY COUNCILS (PICS) IN LOCAL DEVELOPMENT PROJECTS ALLOWS THIS TO HAPPEN.
2. TRAINING PROGRAMS CAN AND DO AID IN THE JOB CREATION PROCESS. A NUMBER OF EXPANDING COMPANIES IN MY OWN AREA OF BUFFALO HAVE INDICATED THAT CUSTOMIZED JOB TRAINING HAS AT LEAST FACILITATED THEIR EXPANSION PLANS, AND IN SOME INSTANCES BEEN THE KEY INGREDIENT.

BEFORE DETAILING OUR LEGISLATIVE RECOMMENDATIONS FOR LINKING EMPLOYMENT AND TRAINING WITH LOCAL ECONOMIC REVITALIZATION EFFORTS, I WOULD LIKE TO GIVE YOU ONE EXAMPLE OF HOW THIS COORDINATION IS HAPPENING--AND INDEED WORKING--IN AN AREA WHICH HAS EXPERIENCED DISINVESTMENT AND UNEMPLOYMENT DUE TO ITS DECLINING MANUFACTURING BASE.

THE BUFFALO AREA, THROUGH THE BUFFALO AND ERIE COUNTY PRIVATE INDUSTRY COUNCIL HAS BEEN QUITE SUCCESSFUL IN DESIGNING A JOB TRAINING PROGRAM WHICH WORKS WELL EVEN IN AN ECONOMICALLY DEPRESSED AREA. SOME KEY ASPECTS OF OUR APPROACH ARE WORTH MENTIONING HERE. FIRST THE BUFFALO PIC ENJOYS A CLOSE WORKING RELATIONSHIP WITH THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY WHICH IS THE UMBRELLA ORGANIZATION FOR ALL INDUSTRIAL DEVELOPMENT ACTIVITIES IN THE COUNTY. ECIDA, THE AGENCY WHICH ARRANGES MOST LOW-COST FINANCING FOR EXPANDING COMPANIES, HAS INTRODUCED US TO THE STRATEGIES AND INGREDIENTS OF SUCCESSFUL ECONOMIC DEVELOPMENT. WE HAVE LEARNED THAT MOST COMPANIES CONSIDERING EXPANSION WILL SEEK INDUSTRIAL REVENUE BOND FINANCING, AND THAT, WHEN THEY DO, THEY CAN BE SOLD ON UTILIZING CETA ASSISTANCE IN MEETING THEIR HUMAN RESOURCE NEEDS. JOB TRAINING ASSISTANCE CAN BE, AT LOW SKILL LEVELS, IN THE FORM OF ON-THE-JOB TRAINING, OR, AT HIGHER SKILL LEVELS, IN THE FORM OF CUSTOMIZED CLASSROOM TRAINING.

MOST OF OUR FINANCIAL RESOURCES GO INTO CUSTOMIZED, COMPANY-SPECIFIC CLASSROOM TRAINING. IN THIS REGARD, TWO FEATURES OF OUR APPROACH DESERVE MENTION. FIRST, IN THESE CONTRACTS, THE BUFFALO PIC UTILIZES PERFORMANCE BUDGETING. THIS TYPE OF BUDGETING RESULTS IN A CONTRACT WITH LITTLE RED TAPE, WHICH CAN BE FINE-TUNED TO MEET SOME OF THE FINANCIAL NEEDS OF THE COMPANY. THE ABSENCE OF THE NEED FOR A LINE-ITEM BUDGET, THE STRONG INCENTIVE TO PERFORM, AND THE FLEXIBILITY WHICH IS INHERENT IN THIS

FORMAT, MAKE PERFORMANCE CONTRACTING A KEY ELEMENT IN OUR APPROACH.

SECOND, THE ABILITY TO DEVELOP BASIC CLASSROOM CURRICULA TO MEET THE NEEDS OF SPECIFIC COMPANIES IS OF VITAL IMPORTANCE. THE CONFIDENCE THAT COMES FROM BEING ABLE TO ASSURE A FIRM THAT WE CAN DESIGN AND IMPLEMENT ANY TYPE OF TRAINING IMPROVES THE CLIMATE FOR INVESTMENT, INCREASES THE CERTAINTY OF THE INDIVIDUAL FIRM IN ITS DECISION, AND SOLIDIFIES OUR PARTNERSHIP WITH THE LOCAL ECONOMIC DEVELOPMENT COMMUNITY.

IN SHORT, THE CLOSE ASSOCIATION WITH THE IDA, ALONG WITH USE OF PERFORMANCE CONTRACTING AND CUSTOMIZED CURRICULA, ARE THE CRITICAL INGREDIENTS OF A SUCCESSFUL SYSTEM. THIS TYPE OF SYSTEM, IT CAN BE SAID, BENEFITS BOTH THE EXPANDING EMPLOYER AND THE UNEMPLOYED CLIENTS, AND COSTS NO MORE THAN OTHER LESS DIRECT APPROACHES.

THE BUFFALO PIC, WORKING CLOSELY WITH ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY, IS PROVIDING THE NECESSARY SKILLED LABOR TO FACILITATE PRIVATE INVESTMENT, AND, AT THE SAME TIME, CREATING JOBS FOR THE UNEMPLOYED. UNFORTUNATELY, MANY CETA PRIME SPONSORS AND PICS AROUND THE COUNTRY HAVE NOT BEEN AS SUCCESSFUL IN COORDINATING THEIR EFFORTS WITH LOCAL DEVELOPMENT. THE LACK OF COMMUNICATION BETWEEN CAPITAL AND HUMAN RESOURCE DEVELOPMENT AGENCIES STEMS MAINLY FROM A LACK OF KNOWLEDGE ON BOTH SIDES AS TO HOW BOTH CAN BENEFIT FROM COOPERATION. THE PRIMARY WAY TO OVERCOME THIS OBSTACLE IS THROUGH IMPROVED MANAGEMENT AND TECHNICAL ASSISTANCE FROM THE FEDERAL LEVEL.

NONETHELESS, SOME LEGISLATIVE STEPS ARE NECESSARY TO FURTHER FACILITATE COORDINATION.

ALTHOUGH THE COORDINATION OF ECONOMIC DEVELOPMENT ACTIVITIES WITH EFFORTS TO TRAIN AND FIND JOBS FOR THE UNEMPLOYED MUST OCCUR AT THE LOCAL LEVEL AND WILL VARY GREATLY FROM ONE AREA TO ANOTHER IN ITS STRUCTURE AND PROGRAM ACTIVITIES, SOME LEGISLATIVE STEPS ARE NECESSARY TO FACILITATE THIS COORDINATION. CUED RECOGNIZES THAT SOME OF THESE RECOMMENDATIONS HAVE ALREADY BEEN INCLUDED IN THE SENATE'S TRAINING FOR JOBS BILL AND THE HOUSE'S COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING BILL, BUT THE VARIATIONS IN THE TWO LEGISLATIVE VERSIONS, AND THE ABSENCE OF A CLEAR ROLE FOR ECONOMIC DEVELOPMENT IN THE ADMINISTRATION'S PROPOSAL NECESSITATE THEIR RESTATEMENT.

1. EMPLOYMENT GENERATING ACTIVITIES SUCH AS THOSE CURRENTLY AUTHORIZED UNDER TITLE VII OF CETA ARE A CRITICALLY IMPORTANT MECHANISM THROUGH WHICH PICS CAN PARTICIPATE IN ECONOMIC DEVELOPMENT PROJECTS. THESE SHOULD BE PERMITTED IN FUTURE LEGISLATION. DEPENDING ON THE LEVEL AND TYPE OF LOCAL ECONOMIC DEVELOPMENT ACTIVITIES AND THE AVAILABILITY OF OTHER RESOURCES, THE PIC COULD THEN HAVE THE FLEXIBILITY TO USE ITS FUNDS FOR ACTIVITIES AIMED AT CREATING OR RETAINING JOBS. WHILE THE CURRENT AUTHORIZATION FOR JOB CREATING ACTIVITIES HAS NOT BEEN WIDELY UTILIZED UNDER THE CURRENT LEGISLATION, LOCALITIES ARE JUST BEGINNING TO USE THE FUNDS FOR THESE PURPOSES AND INNOVATIVE USES SUCH AS IN-PLANT LABOR-MANAGEMENT COUNCILS AND EXPORT ASSISTANCE FOR SMALL BUSINESS SHOW PROMISE FOR FUTURE IMPROVEMENTS. THE ABILITY TO UNDERTAKE JOB CREATING ACTIVITIES IS PARTICULARLY IMPORTANT IN ASSISTING SMALL BUSINESS EXPANSION AND DEVELOPMENT.

SMALL FIRMS WHICH HAVE PROVEN TO BE THE GREATEST SOURCE OF NEW JOBS AND INNOVATION OFTEN NEED THESE JOB TRAINING AND CREATING SERVICES DUE TO THEIR OWN LACK OF RESOURCES.

2. TO INITIATE AND MAINTAIN THE COORDINATION BETWEEN LOCAL EFFORTS AIMED AT STIMULATING PRIVATE INVESTMENT AND THOSE DESIGNED TO TRAIN AND PLACE THE UNEMPLOYED IN JOBS, CROSS REPRESENTATION BETWEEN JOB TRAINING COUNCILS AND ECONOMIC DEVELOPMENT BOARDS SHOULD BE ENCOURAGED. REQUIRING PICS AND THE STATE JOB TRAINING COUNCILS TO INCLUDE AN ECONOMIC DEVELOPMENT REPRESENTATIVE ALONE WILL HAVE LONG-TERM BENEFITS IN THE INTRODUCTION OF NEW STRATEGIES FOR LOCAL ECONOMIC REVITALIZATION AND WILL HELP TO BREAKDOWN SOME OF THE INFORMATIONAL BARRIERS WHICH HAVE DIVIDED US.
3. THE MOST OFTEN CITED STATUTORY BARRIER TO COORDINATION HAS BEEN THE FUNDING CYCLE OF CETA. TO THE EXTENT THAT A PRIME SPONSOR MUST OBLIGATE HIS DOLLARS DURING THE FISCAL YEAR FOR WHICH THEY WERE APPROPRIATED, HE IS LIMITED IN MAKING A COMMITMENT TO A LONGER-RANGE INDUSTRIAL DEVELOPMENT PROJECT. THIS IS A SIGNIFICANT PROBLEM AND SHOULD BE REMEDIED BY SOME FORM OF FORWARD FUNDING FOR JOB TRAINING PROGRAMS OR THE AUTHORIZATION TO CARRY OVER UNOBLIGATED FUNDS FROM ONE YEAR TO THE NEXT.
4. FINALLY, THE PLANNING AND ADMINISTRATION OF JOB TRAINING SHOULD BE MAINTAINED AT THE LOCAL LEVEL. THE BARRIERS TO COORDINATION ARE, IN SOME INSTANCES, ALREADY SUBSTANTIAL AND ANY MOVEMENT OF DECISION-MAKING AUTHORITY COULD WIPE OUT THE PROGRESS THAT HAS ALREADY BEEN MADE. ECONOMIC

DEVELOPMENT HAPPENS AT THE LOCAL LEVEL. CONSEQUENTLY, THE BEST CHANCE OF SUCCESSFULLY LINKING EMPLOYMENT AND TRAINING ACTIVITIES WITH ECONOMIC DEVELOPMENT IS TO RETAIN A STRONG LOCAL GOVERNMENT ROLE WHILE PROVIDING FOR INCREASED PRIVATE SECTOR INVOLVEMENT. ECONOMIC DEVELOPMENT ORGANIZATIONS, BOTH PUBLIC AND QUASI-PUBLIC, HAVE DEMONSTRATED THE IMPORTANCE AND VIABILITY OF STRONG PUBLIC AND PRIVATE PARTICIPATION IN THEIR ACTIVITIES AND STRUCTURE.

WITH THE ABOVE CONSIDERATIONS IN MIND AND HAVING REVIEWED THE PROPOSED JOB TRAINING BILLS, CUED BELIEVES THAT THE LEGISLATION SHOULD (1) PERMIT JOB CREATING ACTIVITIES, (2) INCLUDE REPRESENTATIVES OF THE ECONOMIC DEVELOPMENT COMMUNITY ON THE PICS AND STATE JOB TRAINING COUNCILS, (3) MAINTAIN AND MAXIMIZE LOCAL CONTROL, (4) PERMIT FORWARD FUNDING AND (5) PROVIDE SPECIAL ASSISTANCE FOR COMMUNITIES UNDERGOING MAJOR ECONOMIC ADJUSTMENT AS WELL AS DISPLACED WORKERS. BOTH THE HOUSE AND SENATE VERSION RECOGNIZE TO VARYING DEGREES THE IMPORTANCE OF LINKING JOB TRAINING TO PRIVATE INVESTMENT. MANY OF OUR SUGGESTED PROVISIONS ARE CONTAINED IN ONE OR BOTH BILLS AND WE URGE THE CONGRESS TO INCLUDE THEM IN THE FINAL LEGISLATION.

THE DEVELOPMENT PROCESS IN OUR LOCAL COMMUNITIES HAS BEEN UNNATURALLY DIVIDED FOR TOO LONG. THE "BRICK AND MORTAR" SIDE HAS BEEN CONSIDERED SEPARATELY FROM, AND ORGANIZED DIFFERENTLY FROM THE HUMAN RESOURCE SIDE, CREATING GREAT INEFFICIENCY. WE MUST BEGIN TO BRIDGE THIS GAP, AND WORK TOWARD A COHERENT APPROACH TO URBAN ECONOMIC DEVELOPMENT. THE PROPER, COST-EFFECTIVE MANAGEMENT OF OUR LIMITED PUBLIC RESOURCES DEMANDS NOTHING LESS.

ON BEHALF OF THE COUNCIL FOR URBAN ECONOMIC DEVELOPMENT, I THANK YOU FOR THIS OPPORTUNITY TO TESTIFY. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Senator QUAYLE. Thank you very much, Mr. Finamore.

Mr. De Lone.

Mr. DE LONE. Mr. Chairman, I welcome this chance to summarize for you the views of public/private ventures which are contained in our written testimony.

We are a nonprofit research-and-program development organization, whose primary focus has been promoting and also studying ways to increase the private sector's involvement in employment-and-training programs for disadvantaged persons. In our testimony, which draws on our research, it addresses two basic questions. First, what can be learned from the private-industry-council experience about the role of the private sector in overseeing broadly employment and training programs and policies. In addressing this question we draw on a 4-year study of 16 different private industry councils around the country that we performed with private funding.

Second, we asked the question: "What is the potential specifically for involving the private sector employment and training activities for disadvantaged youth?" That question has been a central focus of two national demonstrations that we ran for the Labor Department.

Now, the main findings of our PIC study I would try to summarize very quickly—and there are three:

First of all, it is a long, slow, delicate process of evolution to get the private sector productively involved in local employment and training assistance to the disadvantaged.

Second, after 3 or more years at most of our PIC study sites a small core of business leaders are seriously and substantially involved, and in most, but not all, sites, PIC's are making a modest but perceptible difference, albeit limited in scope, in their corners of the local employment and training world.

Third, most PIC's have done a very good job, we think—and this is important—to tuning programs to the needs of the private sector. But our research does raise some questions as to whether the PIC's themselves are as well attuned to the needs of the hardest to employ, including particularly welfare recipients and out-of-school youth.

From these broad findings the major implications we see for policy, which we believe any of the bills you may choose to pass should address, are also threefold:

First, we caution that major structural changes in the employment-and-training system, whatever their logic for potential benefits, run the risk of dismantling the current fragile structure of private-sector participation which has evolved under PIC's, and rebuilding would take a long time.

Second, we certainly think legislation should encourage and permit—but we stress that it cannot force—the emergence of local employment-and-training systems which are overseen in their totality by PIC-like bodies, but expectations for how quickly that kind of institution can get in place in varying localities around the country should be modest.

Third, we think it remains true that local and State government really do have to be seen as the spine of the employment-and-training system to insure three vital conditions: these are, first of all, continuity as private-sector interest waxes and wanes, as we think it is likely to in some communities; second, to really assure that the target population, particularly if you have a tightly targeted bill, that the needs of that target population are served fairly and well; and third, to perform some functions and take over some responsibilities that, in fact, given business communities may not wish to be saddled with in their local communities.

Turning briefly to youth, our main observations are these: First of all, youth can be trained and placed in the private sector as effectively as any other population. We don't think the critical question, however, is one of the overall structure of the delivery system but of what individual programs do.

Second, small business is the primary market for youth employment-and-training efforts, and to get small business involved in working with young people as employers or trainers of those young people, the following things we think are particularly desirable for most small businesses. A base line of importance is that there is some prescreening so that employers have some sense—they have very little time otherwise to judge—some sense that the young person is job ready. There's a kind of implicit personnel function that employment-and-training programs can and should provide.

Third, we think it is important that there be greater flexibility in ways to reimburse and subsidize small employers for the risks and the costs they incur in hiring and training youth.

Fourth, of course, near zero redtape or formal involvement with the Government is important.

Finally, we would argue that there is a place not for income maintenance but for some kind of stipends in some kinds of youth-employment programs, and that it would be a serious error to throw that possibility out.

Thank you.

[The prepared statement of Mr. De Lone follows:]

The Private Role In Employment and Training Programs:

Testimony Prepared for Joint Hearings of the Senate
Subcommittee on Employment and Productivity and the
House Subcommittee on Employment Opportunities
by Richard H. de Lone, President,
Public/Private Ventures
March 18, 1982

Chairman Quayle, Chairman Hawkins and Distinguished Members of the Senate Subcommittee on Employment and Productivity and The House Subcommittee on Employment Opportunities:

We are grateful for this opportunity to share with you our views concerning the role of the private sector in employment and training programs. As the centrality of this issue in all the draft legislation before these committees makes clear, there is probably no more pressing issue for new legislation than maximizing private sector involvement in a way that increases the employment of disadvantaged persons.

There are two broad questions which, drawing on our research and programming experience, we would like to address. The first concerns the role of the private sector--especially, for-profit businesses--in overseeing policy development, planning, implementation and evaluation of employment and training at the state or local level. Here, our effort is to extrapolate implications for legislation from a 16-city, four year study of the evolution and impact of the Private Industry Councils funded under Title VII of CETA legislation.

The second concerns the role of the private sector specifically in youth employment and training efforts. Here we are concerned not only with the oversight role, but with other forms of involvement which include provision of advice, assistance and resources to youth employment efforts; direct participation in training, and, most importantly, the provision of jobs by hiring youth--which is the bottom line for any training effort. In addressing these concerns, we draw in part on our PIC study, but primarily on the research findings and experience gained in a four-year, 32-site demonstration which P/PV conducted for the Department of Labor to assess a variety of approaches to involving business in youth employment and training activities.

We begin by briefly summarizing the main implications of our work. The balance of the paper presents some of the findings from which these implications are derived, and provides some amplifications of our main points. We do not present these implications in the form of legislative recommendations, but rather as some factors and principles which we believe any new bill should take into account.

A. Private Sector Oversight

With regard to the oversight of the private sector, through its participation on Private Industry Councils, area labor boards or similar policy and planning bodies:

- Our research leaves no doubt that there are perceptible benefits which can be obtained through strong private involvement, but it raises doubts that such involvement and benefits can be induced in all cities and areas.
- Our research leaves no doubt that business involvement frequently results in programs which are better attuned to the needs of the private sector--one important criteria for employment and training programs--but it raises questions about the incentives, inclinations and comparative advantage of the business community in serving harder-to-employ groups (such as youth and welfare recip-

ients, who are likely to be major targets of new legislation).

- Our research finds that the patterns of business involvement take a long time to unfold; are delicately woven into the fabric of local political, economic and social conditions, and vary substantially in style, substance, and intensity from place to place. Local variation is the rule, not the exception.

From these broad but basic findings, the main implications which we derive for policy are that:

1) If new legislation attempts major or rapid shifts in the structure of employment and training systems--especially with regard to geopolitical boundaries or levels of state and local authority--there is a risk that the current emerging infrastructure of public/private collaboration will be ripped apart and a several year effort would be required to rebuild it.

2) New legislation should permit and encourage the emergence of private-sector led boards which assume broad responsibility for setting policy, planning and overseeing implementation of area training and employment programs. But expectations should be modest as to how fast and how universal the emergence of such strong private sector roles will be. While some may be ready, willing and eager to "turn over" responsibility for employment and training of the disadvantaged to the private sector, the private sector is not everywhere ready--or inclined--to accept the offer. Even where intensely involved in some aspects of employment and training, the private sector may have no interest in overseeing others, such as intake and certification of eligibility.

3) From both the above implications, we draw a third: state and local government, however the balance is drawn between them, must remain the spine of the employment and training system. State and local officials should have as a high priority working to increase and expand, as greatly as possible, the role played by the private sector. But theirs is also the business of providing continuity if private interest waxes and wanes, of assuring that programs and policies do serve the population targeted by legislative and political mandates, and of performing such basic and necessary functions as the business community in a given area may decide are best left to the public sector.

In short, we believe "balance" is the key concept in framing the proper private and public roles. To a considerable extent, the precise nature of that balance must be worked out locally; federal legislation must be broad and permissive enough to permit it to be found, in a way that makes sense locally. Any possible benefits of a major restructuring of the employment and training system should be carefully weighed against the risk that it may take several years for a restructured system to coalesce into an effective system.

One additional point: one of the characteristics business representatives can and do bring to employment and training programs is a pragmatic, results-oriented perspective--a willingness to try a variety of approaches to find the deals which yield results. The "deal making" ability of the private sector can best be unleashed when regulations governing how programs provide services are minimized and performance--the results programs get--are emphasized. This means scrapping the current CETA emphasis on compliance and replacing it with an emphasis on results, with increased earnings of disadvantaged persons generally being the key performance standard. Enterprise in pursuit of this end should be permitted.

B) The Private Sector and Youth Employment

Experience to date suggests that large businesses are frequently involved with the schools, in a wide range of ways, but not necessarily with a sharp focus on school programs targeted on disadvantaged youth. Similarly, few PICs in our study made serving disadvantaged youth--in or out of school--a high priority. Further, our research, and that of others, suggests that most opportunities for disadvantaged youth exist in small businesses which have few formal hiring requirements; offer jobs requiring limited skills (and relatively low wages), and experience a fairly steady need for entry level workers, either as a result of turnover or expansion. Such jobs rarely are the first step on career ladders for youth, but they can be stepping stones into the labor force. In the years of (roughly) 16 to 19, when few young people are ready to make career choices, these jobs offer a chance not only to make some money but also to begin learning first hand about the world of work. For youth of this age and stage in labor market development, employment and training programs should facilitate access to such jobs. As youth mature, approaching or entering their 20s, the work experience they gain in these stepping-stone jobs can provide a grounding in the world of work on which skill training programs--on-job or in-the-classroom--can build.

How can national employment and training policy increase youth access to such jobs? Here, the answer has relatively little to do with the structure of the delivery system or the role of the private sector in overseeing employment and training. Rather, the critical variables are two fold. First, local programs--in the education system as well as the employment and training system--should provide youth with rudimentary academic competencies and the job readiness skills which almost all employers seek: basic arithmetic skills; ability to read simple

English; ability to ask questions, understand oral instructions and communicate with fellow workers; as well as such basic work habits as punctuality, reliability, calling in when sick, appropriate dress, and reasonable diligence on the job. These, not extensive skill training, are what most employers look for in most entry level workers (with more skill training required in some jobs, such as clerical work). Many unemployed and disadvantaged youth already possess these competencies; others can be taught them through programs of known effectiveness; and most are competencies which can be measured--either through competency-based tests or, more simply, the subjective assessment of good program operators. When youth possess these competencies, the second issue becomes primarily one of providing employers with the assurances and incentives that overcome their natural reluctance to "take a chance" on untested--and sometimes stigmatized--youth. From surveys of employers who have hired youth from our demonstration programs, we conclude that the keys to small business hiring of disadvantaged youth are:

- First, the knowledge that youth have been prescreened for the basic qualities listed above, or such other attributes as a particular job requires. This further implies that pre-screening has been done by an organization which, on the basis of personal contact and/or track record, is trusted by the business person doing the hiring. Pre-screening is a kind of personnel service for small businesses which generally lack, or cannot afford, any formal personnel department.

- Second, a lack of red-tape, direct involvement with government, or formal contractual commitments involved in the hire. These are viewed as hassles, risks, unwarranted government interference and not worth it--even when tax credits or other forms of subsidy are involved--by most small businesses.

- Third, while totally unsubsidized placements can be obtained from some employers and can be beneficial for some disadvantaged youth, with other youth and other employers, modest cash incentives help when the two conditions described above have been met. By themselves, however, the offer of tax credits, OJT reimbursements or other kinds of subsidy do not induce most employers to go looking for disadvantaged youth.

- Finally, it is important to point out that when the above conditions are met, an additional motivation comes into play: a substantial number of small business persons have a genuine interest in helping young people. This interest extends to being willing to assume the role of mentor, taking a direct role in training; serving as informal counselors to young people, not only about careers but sometimes helping them with other problems; and helping them with placement and references for next jobs. This kind of person-to-person connection with the labor force is something that most middle class youth have through friends and relations, but many youth from disadvantaged backgrounds lack it. It is a powerful, informal resource for anyone entering the world of work.

- As youth mature and are ready to settle into careers, more intensive investments in skill training are justified, in those cases where there are clear opportunities, either through turnover or expansion of jobs in an industry; where employers seek pre-trained workers who are at least semi-skilled in an occupation, and where youth need intensive skill development to become competitive in the labor market. Our research, and that of others, suggests that for many young people, accumulation of work experience and basic skills remediation are not in themselves sufficient to successfully enter careers with future stability and growth potential unless intensive skill training, through classroom training, OJT, combinations of these two, or intensive work experience programs with heavy emphases on productivity and skill acquisition are provided. The third approach--intensive or enhanced work experience--may be best suited for youth who learn best in a "hands on" way but are not yet ready or able, for a variety of reasons, to be hired in on-job-training programs.

From these basic findings, which confirm what many others have said, there are, we believe, three basic implications for policy:

1) Employment and training programs need some predictability and continuity of funding from year to year so they can develop the contacts with small business and the track record needed to be effective.

2) While existing programs, such as tax credits, cooperative education and OJT reimbursements, are useful incentives for opening employment opportunity to some disadvantaged youth, greater flexibility and variety of means to subsidize private sector work experience for such youth are desirable.

As noted above, when youth have been pre-screened and red-tape is minimal, financial subsidies do have appeal to many employers. However, neither tax credits or OJT as currently structured appeals to all firms--especially when disadvantaged youth are the target group. Consideration should be given to further exploration (and evaluation) of alternative forms of subsidized work--such as declining subsidies which start at 100%--with less burdensome obligations for employers than OJT imposes--as a way of subsidizing youth work experience and training in the private sector for up to six months. Flexibility of subsidy form enhances the possibility of striking the best deal for the youth and the employer.

3) Prior commitments to hire or other formal contractual obligations, should not be required from businesses in programs whose primary aim is giving youth work experience in or access to "stepping-stone" jobs.

4) We support the view of many that the "income maintenance" function which characterized some CETA programs should be eliminated from new employment and training legislation. But we believe this should be achieved not by prohibiting any and all stipends but rather by defining the instances in which stipends are permissable and holding stipended programs accountable to the same performance and cost effectiveness measures as non-stipended programs. Our research has spanned both non-stipended and stipended programs and found both can be effective and cost beneficial. In intensive, skills-and production-oriented work experience programs, where youth are learning by doing real work, such as rehabilitating housing, stipends make sense, not as income maintenance but as pay for productivity. Eliminating stipends entirely may well eliminate the possibility of implementing such programs, some of which have demonstrated outstanding effectiveness in securing youth good jobs in the private sector.

The addendum which we submit for the record provides a summary of data from our PIC study from which we derive our conclusions about the private role in employment and training programs.

Thank you for this opportunity to share our thoughts with you. We welcome any questions and are prepared to assist you by providing any other information about our research.

APPENDIX TO BE SUBMITTED AS PART OF THE RECORD

SUMMARY OF FINDING FROM P/PV FOUR-YEAR STUDY OF CETA TITLE VII

CETA Title VII, establishing Private Industry Councils, became law in 1978. Nonetheless, for most PICs, Fiscal Year 1981 was the first year in which anything approaching a coherent and sustained set of programmatic emphases was apparent. This is true even in the P/PV study sites, most of which were selected from the 34 "demonstration" sites which were given an early start in the summer of 1978. This gradual and, in terms of political time, long process of evolution seems to have been inevitable given the time it took to negotiate PIC appointments, the learning curves necessary for business representatives to familiarize themselves with the strange (to them) world of CETA and training for the disadvantaged; the time required to hire and build up staffs; the (admirable) propensity of business leaders to collect information, survey options and think at least twice before setting off on a course of action. As the new kid on the block, PICs had to go through the time-consuming process of building relationships and trust among and between the various agencies, organizations and actors, public and private, who of necessity are involved in employment and training policy at the local level: schools, CBOs, government agencies, unions, employer organizations, employers, etc.

The data we have collected and analyzed for 1981 suggest that in many sites, this time-consuming process of institution building is beginning to have pay-offs consistent with at least some of the purposes of CETA Title VII. However, we hasten to add that results are still in preliminary form, vary from site to site, and are often based on less-than-satisfactory measures of performance (i.e., placement rates and cost per placement). A number of PICs are achieving modest victories, but it would be wrong to construe these as a major triumph.

What is the record of PICs in 1981--with respect not only to outcomes of Title VII programs, but also with respect to scope of influence and role which PICs have assumed in local communities?

The main findings for our 16 sites--based on preliminary analyses of data and site visits which will not be available in final form until the end of April--are:

1. Placement rates

The Title VII programs have generally succeeded in placing a higher percentage of persons terminating their programs in private sector jobs than programs run by Prime Sponsors under Title II B/C. The Title VII private sector placement rate is 54.6%, compared to 38.6% for Title II B/C private sector placements.

However, in five of our sixteen sites, Title II B/C placement rates were as high or higher than those achieved by Title VII. (See Table I)

2) Cost Per Placement

Cumulatively, in our sites Title VII cost less per private sector placement than Title II programs ($4,756 versus $6,600). However, these averages disguise tremendous variations among sites in cost per placement,

as well as differences in programmatic emphasis which lead to cost differences.* As a result, it remains unclear, even using the simple standard of cost per placement, whether PICs are more cost effective than primes.

3) Participant Characteristics

While both Title VII and Title II B/C programs in our study sites served almost exclusively persons who met CETA eligibility standards, the Title VII programs overseen by PICs consistently served populations generally somewhat less hard to place than did Title II B/C--a fact which may partially account for differences in placement rates and costs. As Table 2 indicates, PIC clientele included a lower percentage of youth, public assistance participants and high school drop-outs than Title II B/C, and a higher percentage of persons with a high school degree. This pattern is found in almost all sites. PICs also served somewhat fewer women but a slightly higher percentage of non-white clients. However, these latter two differences are quite small and there was no consistent pattern from site to site.

That PICs served less difficult populations is not surprising. In most sites, both PIC members and PIC staff argued that their mission was to serve the employment needs of the business community, a goal which leads logically to providing services to the "most job ready" of the disadvantaged. Title VII has been a small portion of total CETA funds and directing such funds to this purpose seems entirely proper. But this propensity of PICs also raises the question of whether business-oriented training programs have the interest--or the incentives--to serve those most in need, who are also a legitimate concern for public policy.

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*Typical of the factors which make it impossible to draw straight-forward conclusions from these cost figures are that:

- If three large prime sponsors with very low rates of placement in private sector jobs are thrown out of the sample, Title II cost per private sector placement drops to $5,211.
- While less than three percent of Title VII placements were in unsubsidized public sector jobs, twelve percent of Title II placements were, and when these are added in, cost per placement diffentials are cut nearly in half.
- Two PICs specialized in placements only, providing no training, and this low cost approach accounted for 20% of all PIC placements in the private sector, but only six percent of PIC expenditures.

4) Participant Benefits and Net Impact

The ultimate measure of a training program's effectiveness--its return on public investment--is the extent to which it increases the employment and earnings of participants beyond the level they would have attained if there were no program. Placement rates or cost per placement do not provide this measure. Rather, one must follow-participants over a period of time and compare their employment and earnings with a control or comparison group of similar persons who did not receive services (or who received different services). To our knowledge, no such studies have been performed for Title VII programs. Hence, there is no solid empirical evidence on which one can make definitive statements about the benefits to participants from Title VII programs, either in themselves or vis-a-vis Title II B/C.

5) Incorporated versus Unincorporated PICs

A recurring question about Title VII is whether PICs perform better as incorporated entities which hire their own staffs and run (or contract for) their own programs, or as advisory bodies to the prime sponsor (relying on prime sponsor staff). Proponents of the unincorporated PICs have argued this form is inherently superior if the private sector is to be unfettered and have maximum impact on local employment and training efforts.

Since all PICs, incorporated and unincorporated, had to have plans reviewed by the prime sponsor, the argument is hard to settle. However, the data from our sites do not support the view that incorporated PICs were superior. If gross averages are computed, incorporated PICs do have a slightly higher placement rate and a lower cost per placement. However, the gross averages are misleading, since one large unincorporated PIC had an abysmal record, and since the two PICs which concentrated on low-cost, no-training placement efforts were both incorporated. If these three "outlier" sites are excluded, the picture is reversed: unincorporated PICs have a higher placement rate and considerably lower costs per placement.

There are somewhat softer criteria of PIC performance--

such as the overall sophistication of their strategies, their effectiveness in relating the federal employment and training system to education, economic development and other key parts of the local human resource development system, the enthusiastic participation of key business leaders, and impact on the management and programmatic practices of prime sponsors in areas other than Title VII. For these measures, there is no clear pattern which indicates the superiority of either mode. Further, we would note that in three sites, unincorporated PICs worked closely and effectively hand-in-glove with prime sponsors, augmenting but not substantially altering private-sector oriented training in which the primes already had a track record. In such sites, our impression was that neither business nor government leaders saw a need to revamp the system, and they were probably right.

Since PICs which are organizationally distinct from the prime sponsor appear to do no better in our sites than PICs which are affiliated with the prime sponsor, there is no indication in our study sites that a free-standing, business-run employment and training program is inherently superior to a government-run program with strong involvement.

6) Incentives for Private Sector Involvement in PICs

In most PICs, as with most boards, three or four business leaders became deeply involved while other business representatives played limited or occasional roles. Our survey of 75 business representatives on PICs revealed that the overwhelming majority participated as individuals (i.e., not as representatives of ther firm's interests or any particular industry's interests), out of a sense of civic obligation. PIC membership for these individuals was, in a sense interchangeable with other forms of civic activity: serving on the board of the Symphony or the United Way, for example.

In only a few cases did business representatives suggest that longstanding personal commitment to the needs of the disadvantaged or to improving the employment and training system were major factors in their participation. With isolated exceptions, they did not see the activities of PIC as providing direct benefits to their business; nor (again with a few exceptions) did their businesses become involved in hiring or training disadvantaged workers through Title VII programs.

7) Characteristics of Private Sector Involvement

Business representatives typically functioned in the classic manner of Boards of Directors. This was a stronger role than that played by most CETA advisory councils in the past, and provided some strengths not commonly associated with public management. As business persons they brought to most PICs generic concerns with strong management practices; a pragmatic, results oriented perspective (with results usually defined as high placement rates); a distaste for "getting the money out" just to get it spent; a willingness to terminate programs or contractors with weak performance; a strong orientation for training in occupations with demonstrated demand (a demand they frequently assess through conversations with business colleagues, not the formal apparatus of surveys and occupational projections); a willingness to learn from mistakes and try again; and, in varying degrees, a concern for strategic planning (discussed below). These attributes resulted in organizations and programs that seemed generally well-run. In some cases the management practices of PICs were adapted, at least partially, by prime sponsors. It should be noted that while business brought these generic concerns to the table, few businesspersons before or during PIC participation developed any notable degree of sophistication about employment and training programs and policy issues *per se*. For these, they relied heavily on staff input and it is fair to say that it was the interaction of skilled, knowledgeable PIC directors and other staff with business concern for sound management which produced the most successful PICs. It is interesting to note that in all of our sites, staff directors were persons whose primary experience had been in the public sector, including many with prior CETA experience.

8) The Strategic Role of PICs

In most sites, PICs played a limited role which reflected not only the modest funding available under Title VII but also deliberate choice. With more or less explicitness from site to site, business leaders attempted to figure out what kind of role they (and PICs) were best suited to play in their local employment and training system. The decisions were quite diverse: some were content to augment existing efforts of the prime sponsor; others picked a narrow focus, such as job development and placement services; some were more ambitious, seeking to become the preeminent overseer/provider of classroom and/or on-job training for private sector jobs; one placed relatively little emphasis on training programs but chose instead to work on developing long-range strategy for the city's economic and human resource development, as well as on building some programmatic links between job creation and job training efforts. Only three, or, arguably, four of the 16 PICs we studied moved in the direction of providing overall, comprehensive policy and programmatic guidance to the employment and training system--and these did so in varying degrees. Possibly more PICs would have sought to play a comprehensive oversight role if the legislation had so directed, or if local government had so encouraged them. But in many instances, we believe that, given the choice, business representatives on PICs would prefer to play a more limited role, based on their strategic analysis of what, in their community, the business community, through PIC, was best positioned to do.

9) Keys to PIC Effectiveness

In addition to strong leadership by a core of business representatives, factors contributing to PIC success have included strong staff, supportive working relationships with the prime sponsor, and a prior tradition of good working relationships between business and local government, whether in employment and training or in other areas.

10) Overall Impact of PICs

About half of the PICs in our study had, by the end of 1981, established a distinct mission and presence which was making a palpable contribution to local employment and training programs--either in the quality of training, in impact on and upgrading of prime sponsor planning and management practices, or in efforts to tie employment and training systematically to other aspects of an overall economic and human resource development strategy. In other sites, PICs were performing adequately but had added no particularly distinctive element to the local employment and training system, and in one site, the PIC was a negligible entity. It is important to point out that even the strongest PICs were still evolving, and their contributions, while significant, were modest. For any of these PICs to have assumed overall responsibility for planning and overseeing the implementation of the whole local employment and training system would be a giant leap.

TABLE I: TITLE II B/C and TITLE VII RATES OF PLACEMENT IN PRIVATE SECTOR JOBS, 1981

	TITLE II B/C			TITLE VII		
SITE	TERM	PLACEMENTS	RATE (P/T)	TERM	PLACED IN PRIVATE SECTOR	RATE (P/T)
1.	2155	838	.389	679	410	.604
2.	2382	1448	.608	144	66	.458
3.	2229	1309	.587	365	207	.567
4.	2361	387	.164	74	43	.581
5.	541	296	.547	25	18	.720
6.	1939	768	.396	384	221	.576
7.	5249	1081	.206	283	58	.205
8.	1528	670	.438	352	193	.548
9.	1261	438	.347	209	107	.512
10.	9045	4473	.495	451	228	.506
11.	1958	530	.271	413	174	.421
12.	5035	1603	.318	730	484	.663
13.	1164	364	.312	342	102	.298
14.	4112	1274	.310	576	367	.616
15.	4777	1892	.396	436	307	.704
16.	1203	748	.622	98	61	.622
Total	46939	18119	.386	5581	3046	.546

TABLE II: SELECTED PARTICIPANT CHARACTERISTICS IN TITLE II B/C and TITLE VII PROGRAMS: 16 sites, 1981

(% of total participants by category)[1]

	Female	Youth	H.S. Dropout	Public Assist. Recipient	Minority	12+ Yrs Education	Total Participants
TITLE II B/C	52.1	43.7	30.1	35.7	64.6	54.7	62,200
TITLE VII	48.0	32.2	23.9	29.2	66.4	70.4	7,362

[1] Percentages do not add to 100 since categories are not mutually exclusive

Senator **Quayle**. Thank you, Mr. De Lone.

Mr. Rasmussen.

Mr. **Rasmussen**. Mr. Chairman and members of the committee, I am Neil Rasmussen, vice president of Impact Seven, Inc., in Turtle Lake, Wis. I am appearing on behalf of the National Congress for Community Economic Development. It is a national membership association of 75 community-based organizations that are primarily involved in what is termed "community economic development." The focus of attention has been primarily in the distressed urban and rural areas throughout the Nation.

Impact Seven is a rural community development corporation in northwestern Wisconsin. It covers approximately six counties and serves a population of approximately 160,000 people, primarily composed of low-income whites and native Americans. Impact Seven, like many community development corporations, has adopted a comprehensive economic development approach emphasizing employment training, business development, job creation, and housing. I will describe a few of our training programs later in this testimony.

We are pleased that you remain committed to insuring a Federal role in employment training. The growing ranks of the unemployed, underemployed, and poor, and particularly poor youths are serious problems facing our country today, and training programs are an essential part of a national strategy to alleviate the situation.

We also appreciate the opportunity to appear in this joint hearing on the proposed training bills S. 2036 and H.R. 5320, and we commend the sponsors of these measures.

It is indeed ironic that so much of our recent dialog, centering on rebuilding the American economy, has focused on investment tax credits and other incentives for physical plant and equipment, while basically ignoring the critical importance of investment in human capital. Job training and placement activities are not income maintenance or transfer programs; they are programs that invest in the human development and growth of our country. We applaud the recognition that these bills give to the incredible importance of human capital.

The emphasis of these bills is on training for jobs in the private sector, and on the involvement of that sector leading to actual jobs. The linkage with economic development efforts on the local level—State as well as Federal—is of vital importance to be even highlighted and emphasized, I think, in the bills. Recently, the discussion of linking employment and training with economic development has been almost silent, and I would hope that this committee would seriously consider including in whatever becomes law the very clear linkage with economic development.

Community development corporations not only relate to, but share these objectives and means. Employment training, along with housing, business development, and social services, are among the major activities of community development corporations. Over 50 of the National Congress for Community Economic Development's members are involved in job training programs and placement and other CETA activities over the last year. They have a strong link in all cases to economic development.

I would like to deviate a little bit from the prepared statement now, that I understand will be included in the record, and just highlight the major points I wish to make very strongly.

In the private sector involvement, especially small business roles have to be emphasized, and, again, this is particularly acute in rural areas. More than 80 percent of the jobs available to rural workers comes from small business.

The private sector concept is one we endorse very strongly and the private sector initiative councils is also something we endorse. However, we caution that it must be balanced with a shared decisionmaking on the part of the State as well as the local government.

There also should be very serious consideration to continue to look to the present deliverers of programs, especially those who have developed skills over the years and the abilities, and have proven, through demonstrated effectiveness, measures that have met previous standards set forth by the Department of Labor or by legislation, particularly, again, the community-based organizations, who in many cases have operated, as Impact Seven is operating now, under performance contract and have proven demonstrated effectiveness.

It has been said before, and I would emphasize, that multi-year funding is a very important element to be included here, particularly in order to insure the continuity of linkage with economic development that oftentimes on the local level is a long-term kind of planning arrangement.

I would urge that serious consideration be given to not restricting participation to just AFDC recipients and youth alone. In the rural areas there is a preponderance of older workers, and this would be discrimination, in my judgment. Also, in distressed communities, urban as well as rural areas, there are many displaced unemployed adult workers that vitally need these services.

I guess to anticipate two of Senator Quayle's questions, it should be a nonpartisan issue, clearly, or a bipartisan at best, and, relating to the stipends, we do certainly support continued utilization of stipends. The decision should be on the local level and on a limited basis to insure that it be not an incentive not to complete the job or the training program.

[The prepared statement of Mr. Rasmussen follows:].

TESTIMONY SUBMITTED BY

NEAL RASMUSSEN
VICE-PRESIDENT, IMPACT SEVEN, INC.
REPRESENTING THE

NATIONAL CONGRESS FOR COMMUNITY ECONOMIC DEVELOPMENT

BEFORE THE

HOUSE EDUCATION AND LABOR
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
THE HONORABLE AUGUSTUS HAWKINS (D-CT), CHAIRMAN
AND THE SENATE LABOR AND RESOURCES COMMITTEE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
THE HONORABLE J. DANFORTH QUAYLE (R-IN), CHAIRMAN

March 18, 1982

Mr. Chairman, I am Neal Rasmussen, Vice-President of Impact Seven, Inc., of Turtle Lake, Wisconsin appearing on behalf of the National Congress for Community Economic Development (NCCED). NCCED is a national membership association of 75 community-based economic development organizations (CDCs) in distressed urban and rural communities throughout the United States. Impact Seven, Inc., is a rural community development corporation (CDC) in northwestern Wisconsin. It serves a population of 160,000 composed primarily of low-income whites and Native American tribes with an unemployment and underemployment rate in excess of 20 percent. Impact Seven, like many CDCs, has adopted a comprehensive economic development approach emphasizing employment training, business development, job creation, and housing. I will describe our training programs later on in the testimony.

We appreciate the opportunity to appear in this joint hearing on the proposed training bills, S 2036, HR.5320, and we commend the sponsors of these measures.

We are pleased that you remain committed to ensuring a federal role in employment training. The growing ranks of the unemployed, underemployed, and poor- and particularly poor youths- are serious problems facing our country today, and training programs are an essential part of national strategies to alleviate the situation.

Sen ↑

It is indeed ironic that so much of the recent dialogue centering on "rebuilding" the American economy has focused on investment tax credits and other incentives for physical plants and equipment, while basically ignoring the critical importance of investment in human capital. Labor costs in business exceed 60 percent of the total business costs and capital costs are approximately 12 percent of the total costs, yet we minimize the importance of investing in human resources. Job training and placement activities are not income maintenance or transfer programs, they are programs that invest in the human development and growth of our country. We applaud the recognition that these bills give to the incredible importance of human capital.

The emphasis of these bills is on training, for jobs in the private sector, and on the involvement of that sector leading to actual jobs.

Community Development Corporations not only relate to, but share these objectives and means. Employment training, along with housing, business development and social services, are among the major activities of CDCs. Over 50 of NCCED's members are involved in job training programs and placement. They have a strong link to economic development.

Moreover, CDCs, like Private Industry Councils (PICs) are creatures that exist in the private sector, although they too receive federal financial support through a variety of federal agencies. They, like Private Industry Councils, are governed by boards that include private sector representation. Representatives from IBM and CBS sit on the Bedford Stuyvesant Restoration Corporation Board of Directors. Each is essentially a community-based business institution that mobilizes private as well as public resources, to meet the employment and economic needs of the community. Accordingly, they will be comfortable in working closely with and hopefully serving on the various councils established under these measures.

Without actual jobs, these measures will just be foundries for new revolving doors which recipients will spin around on their way back to "the street".

Viewed from the national level, whether actual jobs are available will depend, in large part, upon the success of macroeconomic policies and the extent of further commitments to publically subsidized jobs, issues which it is not my purpose to address here.

But seen from the community level, CDCs consider crucial the extent to which the training contemplated under this bill is linked to community economic development efforts, as well as to the private sector as a whole.

Community development corporations are in a unique position to deliver on the promises of these measures because they are already experienced in linking employment training to development activities.

I would like to highlight a few examples of how community-based economic development organizations, primarily community development corporations, have utilized employment dollars to generate economic development activities that create jobs. They are:

o Impact Seven has operated a variety of job training and placement programs since 1976. Our largest program has been the On-the-Job Training Program (OJT). We have trained 1,819 people in business skills and placed 97.4 percent of our participants in 1980 and 98.6 percent of our participants in private sector jobs. The OJT program was 30 percent more cost effective than the Balance of State average in Wisconsin. We feel that a major reason for this is that we have linked job training to job creation activities. One of Impact Seven's major priorities is the creation and retention of small businesses. We have helped finance six businesses that have created over 500 new jobs in our area. These businesses have utilized OJT participants and some of these participants have ultimately earned full-time positions in those firms. In addition, Impact Seven has placed CETA employees at seven businesses that we assisted with technical/location assistance. We also operated a job creation project funded by balance of state where we offered technical assistance to local employers that could create jobs and hire CETA eligible persons for those positions. This project created 32 new employment opportunities at a cost of just over $4,000 per job. We also started a day care center with CETA funds, and the day care center is self-sustaining and provides several jobs as well as providing services for 35 children.

- The Spanish Speaking Unity Council (SSUC), an inner-city CDC in Oakland, provides job training and placement services to primarily low-income hispanics and blacks. SSUC has created the Peralta Corporation, as its major job training arm. Peralta employs long-term welfare recipients (ranging from 3 to 8 years) in a supportive 12-month job-training program. Peralta, once involving as many as 100 welfare recipients, now employs only 30 as a result of reduced federal funding. The program provides those who are often deemed "unemployable" with encouragement and training in actual employment settings from both the private sector as well as Peralta establishments. Participants work in a Peralta operated service station and child care and day care center or in settings provided by host agencies such as General Electric and World Airways. Positive employee attitudes and responsible working habits are developed and instilled in participants through on-the-job training. In addition to gaining practical exposure in employment settings, participants also attend a job-development counseling session once a week. Peralta assists its participants in finding adequate work at the end of their year in training. Forty percent of the participants find employment directly following the completion of their training. Of these, seventy percent find employment through Peralta while thirty percent locate their own permanent jobs. A Peralta study noted that after three months of employment, seventy-five percent of Peralta participants were still working. Resources are not available to trace the job-retention rate more extensively.

o The Hawaii Entrepreneurship Training and Development Institute (HETADI), a non-profit educational corporation, has utilized CETA and other employment programs to train low-income individuals as entrepreneurs. HETADI has worked with socially and economically disadvantaged individuals and ethnic minorities. They have trained over 300 individuals and 85 percent of those individuals have completed the training programs. 50 to 60 percent of those individuals start their own businesses on a full or part time basis and 45 percent of those individuals are still in business one year after the completion of the training. Over 90 percent of HETADI clients either start businesses or find jobs. HETADI tested a hypotheses that some unemployed and underemployed individuals had difficulties working for employers, but had traits conducive to becoming entrepreneurs. HETADI provided the skills training, and there has been a considerable net increase in new jobs from these business endeavors.

The types of activities illustrated above point to the need for linking job training and job creation activities through employment and economic development policy. In order to strengthen these linkages, NCCED is proposing a series of recommendations to S.2036 and H.R. 5320. These recommendations include:

- entrepreneurial training. Explicit recognition should be given to the training of entrepreneurs, as an eligible activity. Although such training would probably not be precluded under the general provisions of these measures, reference to that aspect is important as a means of stressing the job multiplier effect. Since successful entrepreneurial trainees start their own businesses,many will often hire additional employees from among low-income persons trained under this legislation. The Hawaii Entrepreneurship training program previously cited is an example.

- more linkages between training and economic development. We urge greater recognition of coordination between employment training policy and economic development programs generally, at the federal, state, and local level. If the committees request, we would be pleased to provide specific legislative language. In addition to references already in the bills, we suggest that linkage between such programs be given more explicit recognition as a policy objective in provisions relating to planning; the use of funds administered by states; the use of Private Industry Councils as coordinating bodies in evaluation; and in the role of the National Commission on Employment and Productivity.

o multi-year funding. Since most employment generated by business development projects are long term in nature, there needs to be more continuity in employment training activities. Historically, employment programs have suffered from uncertainties over funding, which has led to wasted time in proposal writing and difficulty in engaging in planning. While we are pleased that these bills incorporate the concept of forward funding, we also are concerned that in this period of budgetary austerity, this provision could be underutilized as full advance appropriations may not be possible. We urge that there be provisions along the lines of Section 301(b) (1) of S.2036, that permits funds to be expended for future program years. This provision could extend the period from the three years suggested in S.2036 to five years, and should be tied to economic development planning. Also, the committees could provide authority to the Secretary or the Governor to set aside job training funds for business development assistance and economic development activities.

- employment training benefits. While no stipends or allowances are provided under S.2036 (as distinct from H.R. 5320), both measures authorize wages for participants and payments to private for-profit employers for on the job training. In some cases, the period of training is limited. These are arbitrary limits that may not take into account the tremendous variations in the amount of training required for different kinds of occupations. This can serve as a disincentive to potential trainees by restricting their access to needed training. Where there are limitations, we suggest that the Secretary be authorized to grant waivers in cases where the type of training, or individuals involved, may dictate otherwise. Training subsidies could be allowed to go as high as 100 percent for a period of at least twelve months to serve as incentive for attracting apprentices for skilled private sector jobs.

- Employment and training must be coordinated with income maintenance and social service policy, particularly if the focus of employment policy is to be on current aid recipients. The budget cuts and changes in eligibility requirements -- past and proposed -- in AFDC, Food Stamp, Medicaid and other programs for the poor, threaten to undermine what little work incentive remained in our income maintenance system. If the Administration's proposed changes are adopted, for example, in 24 states AFDC recipients will actually lose money if they work, while in the remainder the net increase in income for working would be negligible. This undermines work incentive, and will tend to undermine employment and training policy directed to recipients. We recommend that Congress take action to reduce the marginal tax rates facing AFDC recipients; any added cost now is likely to yield substantial dividends in later years by moving people from dependency to self-sufficiency.

o Finally, although the Targeted Jobs Tax Credit (TJTC) is not a matter under the jurisdiction of the committees, we would urge you to consider the means by which this legislation could contribute to the greater utilization of tax credits by businesses. You may wish to include some specific reference in the legislation regarding the role that Private Industry Councils (PICs) can play in helping to educate businesses and individuals about the use of TJTCs.

Mr. Chairman, and members of the Committee, we are grateful for the opportunity to testify on these initiatives to provide employment training and related efforts. As community-based development organizations with experience in linking employment training to job creation through business development, we look forward to contributing substantially to future efforts under the framework you devise. We will be pleased to respond to any questions, and provide any information that may be helpful.

Senator **Quayle**. Thank you, Mr. Rasmussen. Ms. Kirkpatrick?

Ms. **Kirkpatrick**. Mr. Chairman, I am Corky Kirkpatrick, an elected member of the Portland, Oreg., Metropolitan Service District. I testify here today in my capacity as president of the National Association of Regional Councils.

I thank you for the opportunity to summarize our statement, which has been submitted to you for the record.

NARC represents the sub-State regional councils of local governments. Regional councils deal with Federal, State, and local concerns. They have evolved over the years into truly intergovernmental brokers, helping to resolve conflicts through compromise and negotiation.

For many years, regional councils have worked through the existing CETA program as administrative units on behalf of States, prime sponsors, and consortia of prime sponsors, conducting both operational and planning activities.

Regional councils have also worked with their States, other local governments, and the private sector in establishing effective private industry councils.

Because labor markets are multi-jurisdictional and regional by nature, regional councils have been uniquely situated to play a key role in working with PIC's to identify employment and training needs.

My prepared statement includes some examples of such working relationships.

As participants in the national employment training effort, regional councils are concerned about the shape of a revised program. Frankly, we would prefer the continuation of the prime sponsor approach. But we also recognize a movement toward strengthening the private sector's participation in job training and the support for an enhanced State role. Therefore, we propose some suggestions for reshaping the national program.

Let me emphasize that we are supportive of encouraging more public/private sector interaction on employment issues, but we also see the need for safeguards to insure public accountability if we travel this route.

In the case of a State block grant approach, we urge that most funds allocated to States be passed through to designated local labor market areas; areas with the largest and most chronic unemployment problem should be given priority.

We support the concept of organized labor/business training groups and adequate provisions assuring that each labor market have such a group in order to be eligible to receive pass-through funds. Such a unit could be semiautonomous, but should be required to work through either a general-purpose local government or regional council of governments.

Designation of the governmental body responsible for such coordination with the labor/business training groups should be predicated upon which body encompasses the total relevant labor market area.

In our prepared statement, you will find more specific details on our proposals for organizational structures and responsibilities for both public and private sector participants.

We strongly advocate that specific organizational ground rules be articulated for both the public body and the private units involved in planning and operations in each of those designated labor market areas.

In our view, the public body should be the conduit through which local elected officials participate in the local training program. Such a public body should have administrative responsibilities, concurrence in the labor/business unit's budget, and work with the private unit in the selection of its staff director.

The private unit should be made up exclusively of labor and business persons from the labor market area; have the membership selected by allocating appointment of one-third each to the Governor, local government, and business/labor interests; and conduct its activities within a public policy framework that is supportive of locally defined policy aims. For example, in developing a training program, public policy considerations might include: giving priority to any enterprise zone program in the area; giving priority assistance to persons in severely depressed areas, as defined by State and local governments; and/or giving priority to local and regional economic development policies and programs, if such have been formally adopted.

Mr. Chairman, we appreciate the opportunity to present our views to this panel. This concludes the summary of our statement. Thank you.

[The prepared statement of Ms. Kirkpatrick follows:]

national association of regional councils

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RICHARD C. HARTMAN, Executive Director

STATEMENT OF

CORKY KIRKPATRICK

Councilor, District 4, Metropolitan Service District;
and
President, National Association of Regional Councils

ON BEHALF OF THE

NATIONAL ASSOCIATION OF REGIONAL COUNCILS

BEFORE THE

SENATE LABOR AND HUMAN RESOURCES COMMITTEE'S
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY:

AND THE

HOUSE EDUCATION AND LABOR COMMITTEE'S
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

ON

NATIONAL EMPLOYMENT TRAINING POLICY

March 18, 1982
Washington, D.C.

Mr. Chairmen, I am Councilor Corky Kirkpatrick of the Metropolitan Service District, Portland, Oregon. I am here today in my capacity as President of the National Association of Regional Councils.

The National Association of Regional Councils represents approximately 350 of the nation's 600 substate regional councils of local governments. In the main, regional councils are agencies of local governments and operate under the direction of city and county elected officials. They fill a gap in our intergovernmental structure by dealing with problems that transcend jurisdictional boundaries and must be addressed on a regional basis. The basic responsibility of a regional council is to be an umbrella agency which facilitates regional coordination and management activities. Many regional councils also arrange for the implementation of regional policies.

By their nature, regional councils must deal with federal, state and local concerns and thus, in most cases have evolved into truly intergovernmental brokers. By bringing parties together and opening channels of communication, they resolve conflicts through compromise and negotiation.

Mr. Chairmen, NARC appreciates the opportunity to present our views on important issues surrounding proposals to revise the nation's employment training program. For many years, regional councils have worked through the existing Comprehensive Employment and Training Act (CETA) program as administrative units on behalf of states, prime sponsors and consortia of prime sponsors, conducting both operational and planning activities. Approximately 100 regional councils have been involved in CETA manpower activities over the last several years.

Moreover, many regional council officials have worked with their state, fellow local governments and the private sector in establishing effective private industry councils.

Because labor markets are multijurisdictional and regional by nature, regional councils have been uniquely situated to play a key role in working with private industry councils (PICs) to identify employment and training needs. The Administration and Congressional leaders such as the distinguished chairmen of these panels have recognized the effectiveness of such PICs when joined in cooperation with public bodies. In fact, some proposals now pending before these committees seek to strengthen the relationship between the public and private sectors and for that, should be applauded.

Let me interject that NARC does not advocate the abandonment of the prime sponsor approach. It has worked well in many areas of the country. Moreover, this approach, using a public body as the decision-making entity, ensures electoral accountability. Such accountability must also be a part of any revised national program.

But we are realists, Mr. Chairmen. The Administration and the Congressional moods tilt toward the private industry council model. We think there is a middle ground acceptable to both camps--those that would preserve the prime sponsor approach and those that would emphasize business councils.

As we have said,the accountability issue dictates that local government involvement in employment training must continue to be encouraged. Administrative and Congressional proposals now emphasize state decision-making; we think emphasis needs to be placed on the local government role in blending public and private interests.

Regional Approach Is Logical

It seems logical to us that a close look should be given to a regional cooperative approach to employment and training, building on the consortia concept and linking it to active, private sector participation.

However, before proposing specific principles which we believe should be embodied in a revised employment program that would recognize the need for a regional approach, I would like to give just two examples of how regional agencies are meeting local needs.

The Central Iowa Regional Association of Governments headquartered in Des Moines handles administrative responsibilities for a prime sponsor consortia of 8 county governments and the City of Des Moines. Their highly successful program centers on assessing employer needs and the area's overall employment picture. They work closely with the private sector to analyze the area's labor market and then to coordinate manpower programs with business needs. Programs range from development of on-the-job training programs to support for transitioning youth into the work force. The council has also addressed the needs of persons caught in lay-offs and plant closings and has helped set up transition centers for such people.

The regional approach in Des Moines has translated into good results. Through CETA assistance, the council worked with over 2500 persons in 1981 alone. Between 55% and 77% of those in CETA funded programs, depending on the particular program, are employed as a direct result of the program.

In Kentucky, at the Green River Area Development District (GRADD) in Owensboro, employment and training efforts have also spelled success. GRADD has an 80% overall placement rate, accomplished largely by coordinating their employment and training programs with the private sector. This regional council has pulled together the local elected decision-makers and the business interests in their community and encouraged them to work together on employment needs. This linkage with the private sector has led to a more comprehensive, coordinated community response to employment trends. Community needs can now be analyzed from both the business angle and the public policy side, with resulting jobs training programs better targetted to private sector job opportunities.

Strengthening the Regional Dimension

As you can see, the regional role in CETA has been a productive and successful one for many local communities. Local governments and their regional councils have worked hard to better define and meet community employment and training needs. At the center of this effort has been the public body of elected decision-makers; we believe that this should remain the core of any revised national program.

In fact, the legislative proposal put forth by Chairman Hawkins endorses a continuation of the local prime sponsor approach, one which--as I have illustrated--has included a partnership arrangement with regional councils. From the local government perspective, this approach has worked well and our first preference is to see it continued.

But if the many proposals surrounding national employment training revisions result in the final emergence of a different arrangement--one with increased emphasis on state and private sector involvement--then we do have some proposals for shaping such an arrangement. Let me hasten to add that we applaud the encouragement of public/private interaction on employment issues, but see the need for safeguards to ensure public accountability if we travel this new route.

Recognizing the probability of a shift in program emphasis to more state and business involvement, we offer the following proposals to strengthen a revised program and to ensure local government involvement. Again, let me underscore that the local role in jobs training must be a primary concern and that the intergovernmental partnership of localities, their regional councils and states should be re-inforced in any revised program.

The Local Role Under A State-Oriented Approach

Mr. Chairmen, we propose that if the national program is revised to provide lump sums or "block" grants to each state, then it should be required in the national legislation that most funds allocated to states be passed through to designated local labor market areas. Such areas with the largest and most chronic unemployment problems should be given priority.

We support the concept of organized labor/business training groups and advocate provisions assuring that each labor market have such a group in order to be eligible to receive pass-through funds. Such a unit could be semi-autonomous but should be required to work through either a general purpose local government or a regional council of local governments. Designation of the governmental body responsible for such coordination with the labor/business training groups should be predicated upon which body encompasses the total relevant labor market area.

In addition, it is fair in our view to permit communities not inclined to utilize their regional councils, to opt for a different organizational approach providing it is still linked to the public sector. In such a case, for example, a special purpose agency could be selected by local governments representing at least 2/3 of the labor market area population.

Private/Public Sector Roles

Organizational structures and responsibilities should be thoroughly explored and an acceptable model included in proposed legislation. Specific organizational ground rules should be articulated for both public and private units involved in planning and operations in each designated labor market area.

In our view, the public body should be the conduit through which local elected officials participate in the local training program. Such a public body would:

- have administrative responsibilities for the training program in each designated labor market area;
- have a concurrence in the labor/business training unit's budget and provide general administrative services to the training units staff; and
- have joint selection responsibilities, along with the labor/business training unit, for selecting the staff director of the training program. The director and staff, however, would have policy and program direction from the training units board; but in all other matters, these staff people would be under the personnel procedures and practices of the public body.

The labor/business training unit would be the main policy governing unit to conduct the training program. It would:

- be made up exclusively of labor and business persons from the labor market area;

- have a membership appointed by allocating appointments of 1/3 each to the governor, local governments and business/labor interests;
- operate its program virtually free from interference from state and local governments; but to ensure state and local government support and cooperation, its annual budget would be reviewed and concurred in by the designated public administrative unit's governing body; and
- conduct its activities within a public policy framework (outlined below).

We believe that this approach would forge a strong bond between public and private interests within a community. It would retain the basic freedom of the business/labor effort while ensuring a meaningful public sector role.

Public Policy Framework

It is recognized that the training effort referred to above would be a specialized one. In order to emphasize private sector involvement in a national employment training program, it must be recognized that the efforts of the labor/business units in devising and operating training and employment programs should only be tied to public policy objectives specifically related to training efforts.

Nevertheless, there may also be some other public policies that could be furthered without impairing this specialized effort and could indeed compliment or prove useful to such efforts. Federal legislation should recognize that such issues should be considered and where relevant, factored into the formulation of an area's training program. The need, within reasonable parameters, to reinforce such locally defined policy aims should be recognized.

For example, in developing a training program, other public policy considerations might include:

- giving priority to any enterprise zone program in the area;
- giving priority assistance to persons in areas defined by state and local governments (and according to local economic conditions) as severely depressed; and/or
- giving priority to local and regional economic development policies and programs, if such policies and programs have been formally adopted.

Mr. Chairmen, this concludes my testimony. I would be happy to answer any questions that you may have.

Thank you.

Senator QUAYLE. Thank you very much, Ms. Kirkpatrick. Mr. Hawkins?

Representative HAWKINS. Well, Mr. Chairman, I have overstayed my time—I have a plane to catch—but I wanted to listen to the panel. And I wish to commend them on very excellent statements. However, because of the urgency of time, may I use a minute to express the appreciation of the members of the Subcommittee on Employment Opportunities on the House side for the participation in these joint hearings with you. Not only have we utilized the witnesses effectively by doing so, but we have also had the benefit of a cross fertilization of ideas with the Senate committee, and I certainly appreciate that opportunity. I think I speak for all of the members.

And certainly I want to assure you that as a result of these joint hearings, the House committee will move next week to draft the legislation on the House side. I certainly hope that Mr. Jeffords, who has authored the other principal bill, and I can move toward a spirit of cooperation.

And if we succeed on the House side, I certainly hope that spirit of cooperation will spill over to the Senate committee. But I think I can say this with some degree of certainty, that we do indeed need to get an employment and training bill through at this session—I know that is your intent. And, again, we wish to express our appreciation to you and to the members of your committee.

Thank you.

Senator **Quayle**. Thank you very much, and, likewise, it has been a real pleasure, from a personal point of view, to work with you these past 4 days. Your articulation of the spirit of cooperation will be well received, and with the spirit of cooperation will also come the spirit of compromise, as we march toward enactment of legislation that will be received by all and will be in the scope of national concern and Federal involvement.

And it has just been my real pleasure to work with you. Your attentiveness not only in questions and answers, but your participation in sitting through the hearings—I think you have the record: you sat more hours than I did, I was a close second. I can't come close to your endurance. I want to commend you for that.

It has been a real pleasure and opportunity to work with you, and I thank you and look forward to working with you further.

Mr. Jeffords?

Representative **Jeffords**. Thank you, Mr. Chairman. First of all, I congratulate the witnesses on their testimony, it was excellent.

Mr. de Lone, I would like to chat with you a little bit about some of your testimony on the needs for options in the allowance area or the subsidization area.

You indicate that, though there are some allowed, you think there should be more. In my bill we do have the concept called "try-out employment"—I don't know whether you have had a chance to look at that. But we are trying to get some sort of an option available which is not too expensive but which will get us over the threshold problem.

Do you think that would be a useful tool?

Mr. **De Lone**. I think it is a useful tool. I think the questions then of how long it can last, how it gets administered and set up, become at the program level very important. We have had some experience in our own research programs with a similar approach, and I think it is an excellent one that should be allowable.

Representative **Jeffords**. Do you think the maximum time is too short? There has been some criticism that, in the case of youth, 500 hours, and in the case of adults, 250 hours, is too short a time to convince an employer that the employee is worth paying.

Do you think that is justifiable?

Mr. **De Lone**. That particular program, I am not sure what it translates to in hours, that we were involved in looking at; it permitted some degree of subsidization for up to 6 months, and actually it was not difficult to place youth; there was an initial 100-percent subsidy in this case at the minimum wage—it could have been lower, I believe. And after 3 months, employers began to kick in and pay 50 percent, so you broke it down. There was very little redtape, very few requirements at all, placed on employers, and that made them willing to take the risk.

I think for the employer to get involved, the employer needs to know that the kid is going to be around long enough to make it a potentially worthwhile investment for the firm, and the young person often needs a period of time, particularly if it is a person with very little prior work experience, to really get a sense of working in that particular job and that particular career.

Thank you. Also I am interested in how we can enhance the ability to plan for both employment training and economic development.

In the bill that I have, we provide the labor management area investment board with the duty of trying to plan economic development as well as work in the area of employment training.

Do you think that is a good idea, or what do you think should be done?

Mr. **Finamore**. Congressman, our position, from the standpoint of CUED, is that this kind of joint planning that you are referring to is certainly a very good idea. We regard it primarily as a management issue, again, and as a management issue we are trying to tackle it in a lot of different communities in a lot of different ways.

One of the key legislative aspects of the issue of joint planning has been the funding cycle of the CETA legislation. But I guess in terms of an ongoing planning process, very few communities have really been able to pull that off. I understand that the San Antonio community does that. And one of the things that we are exploring right now in the county, CETA prime sponsor's group, is to try and set up some management assistance and technical assistance in training, and how prime sponsors or PIC's can jointly plan with their economic development agencies. It is not in an area which has been very widely understood.

Representative **Jeffords**. Yes?

Mr. **De Lone**. I would just say that I think the real key to linking employment and training with economic development is that employment and training money be very flexible so you can deal with it. I mean, economic development makes deals, and the employment and training money has to be dealable.

Representative **Jeffords**. Thank you.

Senator **Quayle**. Thank you very much, Mr. Jeffords, and Mr. Rasmussen, Ms. Kirkpatrick, Mr. Finamore, Mr. de Lone, and Ms. McGuire, we thank you for your excellent testimony. And that concludes the hearings.

Representative **Jeffords**. Mr. Chairman, I just want to express my thanks for your cooperation.

I want to also say that I have worked with Mr. Hawkins for years, and I am very sure that he and I will be able to come up with an agreement very quickly. We will also, knowing each other, be able to come up with the areas that we agree to disagree on. Then, I think we will have a good document in order to expeditiously come to a conclusion and get it over to the Senate.

Senator **Quayle**. Well, we hopefully will be able to move with great dispatch, and both of us live up to our expectations; we will certainly beat that target that is hanging above us of 6½ months before CETA expires.

Thank you very much.

[The hearing adjourned at 12:40 p.m.]

APPENDIX

ADDITIONAL INFORMATION AND TESTIMONY SUBMITTED FOR THE HEARING RECORD

EMPLOYMENT - TRAINING HEARINGS, MARCH 15, 16, 17, and 18, 1982

Statement of Senator Jeremiah Denton

Testimony on Unemployment - Stephen S. Morozsan, South Bend, Indiana

RMC Research Corporation, Mountain View, California

Center for Studies in Social Policy, McLean Virginia

Private Industry Councils of New York, New Jersey, Puerto Rico and the Virgin Islands

American Personnel and Guidance Association, Falls Church, Virginia

Juvenile Resource Center, Inc., Camden, New Jersey

American Association of State Colleges and Universities, Wahsington, D.C.

National Association of Personnel Consultants, Washington, D.C.

National Council of Senior Citizens, Washington, D.C.

Statement of Robert Taft, Jr., Counsel for Ohio Association of Community Action Agencies

New York State Department of Labor, Ms. Lillian Roberts

Private Industry Council of Genesee-Lapeer-Shiawassee-Flint, Michigan Consortium

International Association of Personnel in Employment Security (IAPES)

National Council of LaRaza, Washington, D.C.

American Farm Bureau Federation, Washington, D.C.

Indiana Vocational Technical College, Northwest Region 01, Gary, Indiana

Jobs for Youth, Inc., New York, New York and Boston, Mass.

National Advisory Council on Vocational Education, Washington, D.C.

Navajo Tribal Council, Navajo Nation

National Association of State Boards of Education, Washington, D.C.

International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America, UAW

Statement of John T. Dempsey, Ohio Association of Community Action Agencies

Mayor's Office of Employment and Training, Chicago, Illinois

Association of Independent Colleges and Schools, Washington, D.C.

Chicago Association of Commerce and Industry, Chicago, Illinois

National Advisory Council on Continuing Education, Washington, D.C.

Flint, Michigan Community Schools, Flint, Mich.

Chicago Alliance for Collaborative Effort, Chicago, Ill.

Right to Work Administration, Government of Puerto Rico

Maryland Balance of State Private Industry Council, Easton, Md.

Inland Manpower Association, San Bernardino, Calif.

Employment and Training Advisory Council, Philadelphia, Pa.

National Baord, YWCA of the U.S.A.

Board of County Commissioners, Cuyahoga County, Ohio

Commissioner of Labor, State of Montana

Gilbane Building Company, Providence, R.I.

Missouri Employment and Training Association

Mayor, City of St. Louis

Boston Indian Council, Inc., Boston, Mass.

Statement of Representative Elwood H. Hillis, Indiana

Statement of Ronald L. Cain, Perry, Ga.

Statement of James Lauer, Executive Director, Outagamie County CETA Progam, Outagamie, Wis.

Combined Association of Prime Sponsor Administrators, Region IX, John W. Wallace, Presiding Officer

Statement of Lee Sherman Dreyfus, Governor, State of Wisconsin

Agudath Israel of America, Rabbi Menachem Lubinsky, Director, Government and Public Affairs

Independent Electrical Contractors, Inc., Washington, D.C.

Statement by the Honorable Jeremiah Denton
Joint Hearings on Employment Training Policy
Senate Subcommittee on Employment and Productivity
House Subcommittee on Employment Opportunities
March 15, 1982

Mr. Chairman:

I share the sentiments of those who will testify during these hearings by commending the Administration and Senator Quayle for proposing legislation to focus our federal job programs not on supplementing the staff of local governments, and not on providing persons a temporary haven from the realities of the job market, but on providing jobless persons with lasting skills that will enable them to obtain long-term employment in the private sector.

I testify on the employment needs of older workers in my capacity as Chairman of the Subcommittee on Aging, Family and Human Services. The information contained in this statement is not new, but I believe it is important to present it in these hearings.

The majority of funds in the Administration bill would go to persons age 25 or under, and the majority of funds in the Quayle bill would go to persons age 22 or under. I do not presume to minimize the youth unemployment problem. Indeed, it is significant in my own state of Alabama. Nor do I want to create the impression that there is competition between children and parents, or between children and grandparents, for our limited federal funds. I do, however, want this Subcommittee, the Congress, and ultimately the local officials who will run these programs, to recognize that older persons should have access to the job training offered under these bills. I realize that neither bill entirely excludes older workers; they do, however, significantly limit participation, and by doing so they may inadvertently communicate to those who will run the programs at the local level that they need not be concerned.

CETA has had a poor record of service to older workers. We should not allow this pattern to persist under the new federal job training program. In Fiscal Year 1980, workers age 55 and over accounted for only 2 percent of Title II Comprehensive Employment and Training Services participants, 6 percent of Title VI Public Service Job enrollees and 1 percent of Title VII Private Sector Initiative enrollees. At the same time, this age group accounted for 6.5 percent of the unemployed.

Older workers have legitimate needs for employment assistance. Today, 7.3 percent of all unemployed workers are 55 and over. Their average time of unemployment is 15.9 weeks, longer than that of the general population. It is estimated ~~t~~hat 28 percent of "discouraged" workers are 55 and over. In addition, during periods of economic recovery the deline in long-term unemployment among various age groups is least among older persons.

Older workers can be trained and can be productive workers. The empirical evidence supports this contention. Based on a 21-year longitudinal study, the Andrus Gerontology Center concluded "that for many jobs, and most workers, capabilities and learning ability remains sufficiently high until the eighties are reached." Another study, conducted by J. E. Birren, suggests that, under most circumstances, there is little change in primary learning ability as age increases. Several studies have indicated that, once an older person is trained, he or she is likely to remain on the job longer, report for work more often, and be more reliable. In addition, performance studies have shown that older workers are as, or slightly more, productive than younger workers.

Finally, I would like to relate the issue of older workers to the dilemma of how to gain control over entitlement spending while continuing to meet our obligations to millions of people under the Social Security system. Senator Dole's Committee is all too aware that, as more and more older people depend on a smaller and smaller work force, our Social Security financing problems may reach crisis proportions. CBO tells us that in the near future, in 1985, Social Security will represent 21 percent of the federal budget.

Another way of looking at this situation is in terms of a measurement called the "dependency ratio," which illustrates the relative sizes of the working and retired populations. Today, with the average worker retiring at age 62, there are approximately 25 retirees per 100 workers. If the retirement age remains constant, the dependency ratio will begin to rise and will double by the year 2030.

By encouraging companies to train and hire older workers, we will not only improve the economic and psychological situation of each of them, but we will ease the demands on Social Security and other support systems that provide a floor of protection to those persons who become discouraged and prematurely leave the labor force because they are unable to obtain employment.

I appreciate the opportunity to present testimony. I offer my assistance in efforts to ensure that older workers are afforded opportunities under the job training legislation you are considering.

February 17, 1982

TESTIMONY FOR HEARING RECORD ON UNEMPLOYMENT-By Stephen S. Marozsan
54361 Palmer Street
South Bend, Indiana 46637

Senate Subcommitte on Unemployment
4230 Dirksen Ofc. Bldg.
Washington, D.C. 20510

Attn: Mr. Robert Guttman

Honorable Members of Congress:

I have been asked to sumit to you in writing my personal experiences and the causes of my long seven and half years(7½) of unemployability. For the record, let it stand that I am also a Disabled Veteran of the W.W.II era.

I will illuminate on the psychological manifestations which Veterans and Non-Veterans experience from being "DEAD-ENDED". This is largely due to the contradictory Employment Philosophies of the Social Security Disability Department and its Laws in contrast to that of the Private Industrial Sector and...how the State Workmens Compensation Insurance laws are used to discriminate against Disabled Veterans and Non-Veterans. The 180 degrees out-of-phase laws of these two systems of government result in the Disabled Veterans and the Non-Veterans disabled being victimized by the "Systems Catch 22 Trap"!

The third dilemma I will call to your attention is the most insidious-Un-American practice ever deployed in any nation against Veterans and Non-Veterans. I'm specifically referring to the rampant Age Discrimination exercised by the Private Industrial Sector and the National Retail Marketing Chains.

Due to the comprehensiveness of this report, I shall refrain from expounding on the methods used and how our Federal Laws against these practices are being skirted and avoided from prosecution.

In the final text of this report, I will present some tentative solutions on how the younger segments of the hardcore unemployables and those of us in the Middle Aged groups of Disabled Veterans and Non-Veterans can redeem our self-esteems , human dignities and become again providers, to our families as well as to our country, without resorting to the saturation of our Welfare Rolls.

TEXT OF THE REPORT

VETERAN'S SPINAL INJURY AND HIS 30 Years of BATTLE WITH THE VA-JOB LOSSES DUE TO THE INJURY AND MY UNEMPLOYABILITY STATUS.

There are approximately 1½ million of Veterans from all three major conflicts who have suffered internal injuries, either during Training Exercises in Peace Time, or from direct battle combat exercises. These injuries were not as visible as battle wounds and though in many case ~~histories,~~ HISTORIES I'm personally acquainted with, as well as my own, all conditions of Burden of Proof have been met with the VA. Because the VA Laws & Regulations are so broad and ambiquous and due to the capricious and arbitrary Adjudicatory Type of Court System employed by the VA, millions of Veterans have been denied their Service Connected Disability Compensations. These Veterans are also denied their Constitutional Rights to address their grievances against the VA into our Federal Court System .....again due to these Laws & Regulations enacted by Congress in 1933.

In thousands of cases similiar to my own, these injuries required several operations with inevitable limitations on physical capabilities. With the passing of time and age, these physical limitations become more pronounced. Companies then elect to fabricate reasons for discharging the employee rather than be strapped with paying the higher insurance costs on the employee. After passing of time, the ex-employee who is disabled, acquires an image of Non-Compatibility with the Industries Rigid Physical Insurance Requirements. In my case again, I was fired thrice when my physical limitations and operations became known to the Industrial Relations Management Staff. In the end, there isn't any way to continue faking a physical disability.

The disabled Veteran and Non-Veteran-in time-comes to his nightmarish realization that he is now approaching Middle-Aged. Once again, referring to my case in point, I had spent quite a sums of monies over the 30 years to prove my Service Connected Spinal Disability as well as having expended over $500. in resumes in search of jobs. During the years from 1978,after undergoing three years of VA Hospital Operations and Treatments, up to this present day of writing, I have been rejected from thousands of Job Applications and Interviews. As time passed on to years, the results were always the same!"We'll hire you on a Part Time Basis at minimum wages and No Insurance Coverages.....or We Don't Want You " !

The hardcore Middle Aged Unemployables then fall prey and become vulnerable to the "Business Sharks" in inducing us to business enterprise schemes that offer low or modest investments. We become gullible and naive out of sheer fear and desperations. ....of never getting a job and eventually losing all of our Savings after long periods of unemployment. I, myself, was suckered into two such schemes: (a) The Red Worm Ranching Business & (b) the Sales & Marketing of Pyramiding a Smoke Detector Dealership.

These business opportunities appeared legimate and promising when the victim cannot see any "Tomorrows" for getting employment opportunities.

AGE DISCRIMINATION & DISABILITY DISCRIMINATION BY THE PRIVATE INDUSTRIAL SECTOR AND THE NATIONAL RETAIL MARKETING CHAINS

Gentlemen, there has never in the history of this nation, been a more deplorable practice perpretrated upon America's Working Force than Age Discrimination & Disability Discrimination practiced by the Industrial Sector and the National Retail Marketing Chains !

I first ran into the ugly head of Age Discrimination in 1965 after having to distress sale our Private Night Club, which I was the principal investor and Manager. At this point in time, I was only 39 years old and the Private Employment Agencies in this town were warning me that the magic age of 40 is when companies start to enforce their Age Guide Lines for Employment. In 1974, after a two year unemployable history from 1972 due to having to undergo a 2nd spinal operation and ultimately being fired after returning from my Hospital Convalescense period, I once again landed a Sales Engineering job. This was during the infamous '74 Energy Crisis. Because I was again experiencing some very painful back muscle spasms, I elected to stay on bedrest for a couple of days. The Regional Manager for the company phoned me at home and upon discovering I haven't gone out into the field, he decided there and then to fire me !

I became an Orthopedic Patient at the Ft.Wayne, Ind. Veterans Hospital from Jan. 1976 to Sept. of 1978. During my stay at the hospital, I had occasional talks with many Veterans who were also experiencing Age Discriminations & Disability Discriminations by the Industrial Sector.

One particular Veteran stands vividly in my memory. He was a Ranger in the Army and was wounded during a combined English-American Operational Raid on Dunkirk. He had to have one leg amputated below the knee. Today America's National Disgrace lies in the paupery Compensations which Disabled Veterans receive from the VA. His monthly compensation then was about $550 per month from which to support himself and his ailing wife. He couldn't get Social Security Disability Pension because he wasn't 100% disabled . He (the Veteran) obtained a bed next to mine and revealed that he's faking orthopedic problems with his good leg so that the Veterans Adm. Doctor will have to amputate it. In this way,he says, He'll get more compensation so that ~~him~~ HE and his wife can obtain an increase in his Disability Compensation. He was willing to pay another supreme price just to survive in his country which he was asked to defend during W.W. II ! I also paid a horrendous price to defend this country when analyzing the Spinal Disability occurring during Peace Time Service. The VA granted me 20% Service Connected for the Spinal Operations and 60% for Non-Service, which they are penalizing my wife for if her income exceeds $5844 per year. In effect, the Industry rates me 100% disabled in job opportunities, the Social

Social Security Disability Department rates me as "Employable" and the Veterans Administration interprets it at 80% as long as my wife & I remain married. The 60% Non-Service purposely was injected so that my wife will have to bear the responsibility for a disability which she had no control over and the VA can revoke this portion as long as her income is over $5844 !

OVER QUALIFIED-THE OTHER TOOL OF INDUSTRY TO DISCRIMINATE ON AGE

Industry has turned the reins of Management over to the young College Degreed "Whiz-Kids". In hundreds of Job Interviews since 1978, the most frustrating experience and obstacle to overcome in seeking employment was the "Young College Degreed Management Interviewers" who were ill-at-ease in looking at a man who has had more EXPERIENCES at the positions advertised in our local Newspaper plus having had previous training and schooling than what the job called for. Needless to say, the positions were always filled by younger people. Whenever I called back to find out who did they fill the positions with and for what reasons I was not considered... the answers were all the same: "YOUR OVER-QUALIFIED". I have met many Veterans who have PHD Degrees, MA & BA Degrees of my age and the universal problem with them was the same...."Over-Qualified".

SOCIAL SECURITY DISABILITY and THE SYSTEMS CATCH 22

Since being ~~dischreged~~ discharged from the VA Hospital in 1978, I, through purposeful lies and deceit for reasons of sheer survival, was able to obtain some Part-Time Jobs. The longest one of them lasted was seven months.The residuals from the Spinal Operations would flare up, causing extreme back muscle spasm pains. From April of 1980 to this present day of writing, I have accurred a file on Job Rejections totaling near 100.

Since April of 1980, my attorney & I (legal services without charges)have been fighting the Social Security Department for my Disability Pension. Here is how the CATCH 22 works against us Veterans who are not 65 years of age.

The Social Security Review Judge and his Vocational Guidance Doctor intepretted the Laws in its strictest sence and language. Because I am not totally 100% disabled and have some mobility, I can do sedentary type of work. The Veterans Administration Doctors and local Orthopedic Doctors have sternly advised me against any sitting work which requires more than two hours-without any interrupts for getting up and moving about. Due to the nature of my spinal disability, if the job is very tedious and exacting, the tightness of the lower back muscles will and do everytime, trigger the re-occurrance of this back muscle spasms plus because of the vertebras no longer having the cushioning of the Lower Spinal Discs, it further aggravates my arthritic condition now filling up between those vertebras. To the Social SecurityDisability Officials, this does not constitute sufficient grounds against employment opportunities !

DEAD ENDED BY THE SYSTEM

A. Workmens Compensation Insurance Laws prohibit Employers from Hiring Those with Chronic Back Problems.

B. The Social Security Disability Laws demand absolute 100% Disability to qualify.

C. The Veterans Administrations paupery Compensations only provide enough to pay grocery bills and some utility bills

D. The SBA will not loan money to hard core unemployables without a minimum of 35% Collateral or to Veterans Disabled

E. The Military Services will not accept applicants over 31 years of Age

"WHAT AND HOW IN THE HELL ARE US MIDDLE AGED VETERANS AND NON VETERANS SUPPOSED TO SURVIVE [redacted]......THE FREE AIR WE BREATHE " ?

THE PSYCHOLOGICAL TRAUMAS OF LONG PERIODS OF UNEMPLOYMENT

Each cases of victims undergoing long durations of unemployment vary but there are parallels and similiarities in the the mental problems manifested by myself (with) and those whom I have shared our common problems with.

The most damaging psychological phenomenon is the coping with a Self Imposed Home Solitary Confinement. You can't afford any outside activities where there are peers with your own personal problems to relate with, but you start rationalising the need for going to your local near-by Tavern. To many of my peers, alcoholism has been the only escape from their realities of life. Your totally frustrated by the "Dead -Ending the System Imposes on millions of Middle Aged People", Your Not Wanted by Industry, Your not Old enough to go on Social Security, and Your not Disabled Enough to get Social Security Disability Pension.....and yes~~/~~ in the end, in the some families the victims are no longer wanted by their spouse or their kids. Family Fights are constant occurrances in the home, alcoholism becomes your partner, suicides from utter depts of despondency & depair are a way out for some and the last vintage of self respectability is lost when you have to appear at the Welfare Department or down to the local Soup Kitchen.

This is the beginning of the end to millions of America's Veterans and Middle Aged Citizens. We don't even have the last option to join our Military Services. This is the picture of that "GREAT FREE INTERPRISE SYSTEM WHICH PRESIDENT REAGAN AND THE OPULENT SING THEIR PRAISES ABOUT....WHILE 9½ MILLION AMERICANS ARE TRYING TO HOLD ON TO A THREAD FOR THEIR DAILY LIVING"

Your expected to exude Positive thoughts and Positive Actions. while the System fires in rapidity "NEGATIVES AFTER NEGATIVES" ! Those in Vocational Rehabilitation Counseling Services are all of the younger generation, fresh with their Schoolings in Human Services, the Social Sciences....but are totally out of contact with the hard naked realities faced by the older generation.

We are also faced with another of Today's Generation of Philosophies. Today's Job Interviewers rationalize that the longer your out of work is indicative that the other companies don't want you.....so therefore, his company doesn't want you either. During the last depression, company executives had more empathy for those out of work the longest and you got first considerations because you were more urgently in need of a job.

TENTATIVE SOLUTIONS TO ALL HARD CORE UNEMPLOYABLES

1. For the younger males and females without College Degrees, they can opt for the Military Services.

2. For those who, for reasons of their own, of the younger unemployed, and those of the Middle Aged Factions, the government should create a National Work Force similiar to the Depression Era C.C.C. Camps and the W.P.A.

3. Allow older Veterans and Non-Veterans to re-enter the Military Services and provide those tasks and jobs which they're physically capable of doing. This would relieve many much younger and able Service Personnel to perform jobs which their younger and more physically ..fit..conditions can better perform at.

4. National Re-Training of all Segments of the ~~employed~~ unemployed, with the emphasis on putting "Teeth into our Federal Laws Against Age Discriminations", ~~and to~~ THEN sponsor a National Insurance Program to cover only those who cannot be hired by the Industries due to the additonal costs on premiums for the older workers, and those with physical disabilities and handicaps. If the Insurance Companies are the real culprits for dissuading Management against Hiring Older and Disabled Individuals, they must be made to come to grips that they " Can't have their Cake and Eat It Too". Either the United States gets into the Insurance Business or Insurance Companies be Taxed on a Quota basis of all Older Employees whose premiums would be in disfavor to motivate Management for Hiring ! Another National Hiring Motivating Factor to hire Older Adults into the Work Force, would be proportionate Tax Rebates to Corporations - for hiring Older Adults, THIS WOULD BE based upon a percentile figure employed by these Corporations; thereby eliminating Managements excuses in hiring Older Employees...because of the extra costs of Insurance Premiums and Hospitalization Fringe Benefits

include ~~for~~

VETERANS FINAL ANALOGY

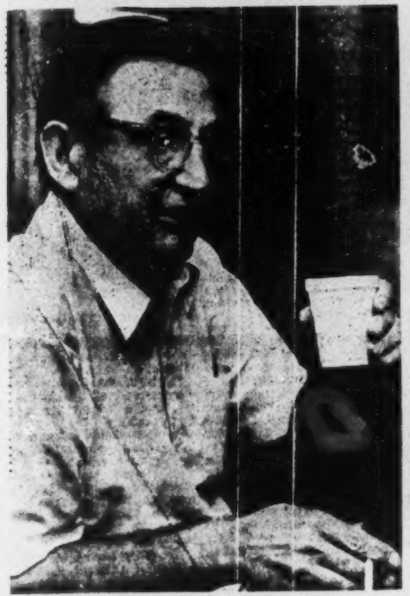
If risking life, limbs and health in defense of the Veterans Country, which then through maturing years and aging, causes any persons to be deprived of their rights to the pursuit of those material things which are to better their lives through the rights of Employment Opportunities to All Its Citizens, Especially -to- those who have already paid a tremendous price through incapacitations, Disabilities occurring in the Services and because of their Ages, then this country doesn't have the Moral Rights to ask our Sons and Daughters to Serve & Defend a Nation which fosters a "Caste System" whereby only the young and the healthy, the most intellectuals and the Rich, will share the fruits of Capitalism.

By Stephen S. Marozsan
Stephen S. Marossan

METRO

Veteran fought VA for 30 years — and won

'Obsession for justice' simply wouldn't let him quit



FIGHT OVER FOR VET — After 30 years of fighting the Veterans Administration for disability benefits, Steve Maroszan of South Bend is finally going to receive them. Maroszan injured his lower back in 1949, while in the Navy, and the VA rates him as 70 percent disabled, but an omission of the accident from his medical records cost him his disability pension for three decades.

Tribune Staff Photo by Paul [illegible]

By **MARK MASSA**
Tribune Staff Writer

There is an old adage that says "you can't fight city hall." If you can't fight city hall, then fighting Washington definitely is out of the question. But someone forgot to tell that to Steve Maroszan.

For the past 30 years, Maroszan has fought the Veterans Administration for disability benefits he was entitled to. In those 30 years, Maroszan pleaded his case at seven different appeals — three regional and four at the national level.

After hearing the VA say "no" for all those years, Maroszan finally heard the word "yes" last month. The 55-year-old World War II veteran from South Bend, who is 70 percent disabled with a lower back problem, fought Washington and won.

But why the long battle? Why would a man spend more than half his life fighting a government agency when his prospects for success seemed so slim? Why was the VA so unyielding in its position for such a long time, and then why the change of heart? Difficult questions, some of which may never be answered.

But Maroszan can answer the question of why he persevered for so long. "I have an obsession for justice," he said.

Maroszan's troubles all stem from a 1949 omission in his medical records. On his second tour of duty in the U.S. Navy in 1949, Maroszan injured a disc in his lower back while unloading a truck at the Naval Reserve Training Center in South Bend. A Navy physician treated the injury, but made no mention of it in Maroszan's medical file.

Maroszan's disc problem continued, and two weeks later the same Navy doctor was dispatched to examine him. Maroszan said during that examination, the doctor (who still practices today in South Bend) questioned him about any prior back injuries he might have had. Maroszan replied that he had strained his back in the shoulder region in 1947 while working for Interstate Glass Co., Inc., in South Bend. In the meantime, Maroszan had passed a physical examination before his second Navy tour which showed no signs of previous back injury.

But the doctor only made an entry in Maroszan's official medical records citing the upper back strain that had occurred in 1947. Maroszan did not know at the time that his record did not include a report on the back injury at the Naval reserve center in 1949. It was not until 1950, when he filed for his disability benefits, that Maroszan discovered the omission that was to haunt him for the next 30 years.

Maroszan was stuck with a record that made his injury appear to be the result of a civilian accident, when in fact he had been injured in the Navy. (The same doctor wrote a letter to the VA in 1977 that finally cited the fact that he had treated Maroszan at the time of his injury in the Navy, but the VA dismissed it as evidence because in their estimation it was not contemporaneous.)

Two months later, Maroszan was examined at the Great Lakes Naval Hospital, again by the same physician, and a change was made in his diagnosis. The new findings showed Maroszan's back problems did not exist prior to his entry into military service. Moreover, on the medical history form prepared at the Great Lakes Naval Hospital on Sept. 19, 1949, the doctor listed the letters "NDTOM DNEPTE," meaning "Not Due To Own Misconduct" and "Did Not Exist Prior To Enlistment."

If a 1977 letter was not contemporaneous, then Maroszan thought a 1949 medical record certainly would be, but the VA did not choose to see things that way.

The VA's position throughout the three decades was that Maroszan's service medical records failed to disclose any injury or trauma incurred in the service. But Maroszan had thousands of pages of evidence that showed otherwise.

His problem was in finding good legal help, or any legal help at all. Maroszan said he asked just about every attorney in South Bend, but they all refused — maybe because of the apparent hopelessness of the case, or because of a federal regulation that prohibits a lawyer from charging a veteran more than $10 for total legal services in an administrative appeal.

Whatever their reasons, they all refused. Maroszan said it was at times like these that he experienced periods of deep depression. He had trouble holding onto jobs because his back problems forced him to miss so many work days. He started to drink more and more. "I put my wife through hell," he said, and she left him for a while. He felt all alone, as if no one in the world wanted to help him. He got so desperate he even tried calling Jane Fonda and ABC's 20/20.

"Where are all the Good Samaritans?" he asked.

In 1976, Maroszan found his Good Samaritan. He contacted former Third District Congressman John Brademas, who referred him to his field representative, Robert Rigney, an attorney. Rigney's initial skepticism dissipated after seeing the vast amounts of evidence Maroszan had collected. He took the case.

A 1977 appeal was turned down by the VA's Rating Board. Maroszan and Rigney then had one last chance to reverse 30 years of unjust VA decisions — an appeal to the Board of Veterans Appeals (BVA). A failure in this hearing would have meant the end of the line for Maroszan. He would have exhausted all his alternatives. He could not take the VA to court for it is an agency above the law, immure from any judicial review.

By this time, the Veterans of Foreign Wars and its chief legal counsel, Frank Clark, had joined the Maroszan-Rigney team. Said Clark, "To me, it was extremely obvious that there was clear and unmistakable error (in the VA's previous decisions)."

Clark and his client went before the BVA last January, and Maroszan was awarded the benefits he had fought so long and hard for. But the BVA never admitted any error in previous decisions. Instead, the board's decision said there was a basis for a difference of opinion, and it was within the board's power to grant Maroszan his benefits.

For six months, Maroszan waited for word from Washington on the board's decision. The letter came on June 24. He said he was afraid to open it because he had been disappointed so many times before, and when he finished the letter he said he went totally numb.

He will receive benefits back to March 1950, as well as disability benefits from now on.

"My wife couldn't believe it," he said. "Finally, we just busted down and cried. I've been a loser for so long. For once, I'm a winner."

The years have not been easy for Maroszan. Unemployment, pain, and a recent drug addiction to Valium which doctors had him taking for over four years for back pains, are just a few of the hardships he has had to endure.

But maybe the most difficult burden for Maroszan to bear was the loneliness, the feeling that nobody cared. He called it "a living hell."

"I know how horrible a feeling it is when nobody cares," Maroszan said. On one of his bedposts hangs a rosary, on the other, a .38 caliber pistol. He said he always turned to the rosary, but the alternative sometimes crossed his mind.

Maroszan's bitterness is understandable. "They ignored the Navy medical records," he said. "When your own military records don't mean nothing to that organization (the VA), then a veteran doesn't have a snowball's chance in hell."

That concern for other veterans punctuates Maroszan's conversations. Their plight has contributed to his bitterness. "Who knows how many more like me are out there?" he asked. "If any publicity about me can arouse help for other veterans, then I'd do it again. Then everything I fought for would be all worth it."

A doctor once asked him, "Steve, what's going to happen when there's no one left to fight?" For Maroszan, the answer lies in fighting for other veterans, once he gets his own personal problems straightened out.

"Now the fight is over for me," he said. "But it goes on for millions of others."

Aging agency expects funding of $451,723

By **ROSEMARY BANKS**

RMC Research Corporation

2570 West El Camino Real • Mountain View, CA 94040 • Telephone: (415) 941-9550

18 February 1982

The Honorable Augustus Hawkins
Chairman, House Subcommittee on
 Employment Opportunities
U.S. House of Representatives
Washington, D.C. 20515

Attn: Susan Grayson

Dear Sir:

I am submitting herewith written testimony relevant to the Career Intern Program (CIP) amendment to the pending FY 1983 employment and training legislation. My testimony pertains to the effectiveness of the CIP and derives from a large-scale evaluation of that program undertaken by RMC Research Corporation under contract with the National Institute of Education.

I hope that this testimony will be read into the records and will be given due consideration by the Joint Congressional Subcommittees during their deliberations.

Sincerely yours,

G Kasten Tallmadge

G. Kasten Tallmadge
President

GKT:TJ
Enclosure

cc: Dr. Maurice Dawkins

A subsidiary of Kappa Systems, Inc., 1501 Wilson Boulevard, Arlington, VA 22209

Testimony Regarding the Career Intern Program

G. Kasten Tallmadge, President
RMC Research Corporation
Mountain View, California

As an independent evaluator working under contract with the National Institute of Education, I observed first hand, four replications of the Career Intern Program operate for a period of nearly three years.

One of our tasks during the evaluation study was to compare the CIP with other similarly intentioned and targeted programs. Thus, while I cannot claim familiarity with all youth programs in the country, it is unlikely that many exemplary programs of any magnitude escaped my attention during this period. It is my strongly held belief, based on this knowledge, that the CIP is unexcelled in accomplishing its mission of returning disillusioned and alienated youths to positive and productive roles in our society.

I and my professional colleagues working on the evaluation got to know many of the CIP participants and their families and friends quite closely. Often they came from "impossible" backgrounds, had dropped out of school, and were involved with drugs or worse. Substantial numbers had had at least minor scrapes with the law and some were clearly headed for lives of crime. One would certainly expect that the majority of them would end up on welfare, in jail, or dead in the streets as the result of some sort of illegal activity. The crimes they would commit would surely cost society dearly.

Enrollment in the CIP was voluntary, although many youths were under some pressure from their families. Most of the enrollees were skeptical--at least at first--and their commitment was often so marginal that they dropped out at the slightest provocation. Unfortunately, there were many provocations, again especially in the beginning when program staffs experienced difficulties getting the programs fully operational. (Many of those difficulties were directly traceable to grossly unrealistic time and budgetary constraints imposed on the demonstration effort by the funding (DOL) and monitoring (NIE) agencies.) Despite these difficulties, the program was successful in turning many lives around.

Most of the students who remained in the program at least three months showed benefits from their participation. As a group, significantly more of them graduated from high school, earned a GED, or remained enrolled in school than would have without the program (expectation based on a true control group). Two hundred fifteen CIP interns earned their high school diplomas during the course of the study. Of the 207 we could locate six months after the demonstration concluded, 94 were enrolled in college, 66 were employed, and 29 were participating in skill training programs. Only 18 (9%) were neither in school nor employed, and 5 of these were pregnant.

CIP interns also showed gains in reading and math skills, self concept, and career awareness (compared to expectations derived from true controls, comparison groups, and/or normative data). Clear relationships were observed between the quality of program implementation and benefits. When the programs were at their best, the benefits accruing to participants were quite dramatic. Reading and math growth rates, for example, were more than twice those observed in average students attending typical American public high schools.

Individual case studies offered even more convincing evidence of program success than group statistics. Not every student's life was, or needed to be, turned around. Some very dramatic changes were effected, however. A hoodlum was transformed into a serious, ambitious college student. A derelict became a high school graduate and obtained a job with a future. Prostitutes and drug abusers reformed. And almost all of these success stories became ardent CIP supporters, recruiting interns in their neighborhoods and helping students in the program with their studies.

Our cost analyses revealed CIP start-up cost to be reasonable (less than $80,000 per site). Operating costs per pupil were very little higher (less than 10%) than those at local high schools when all program slots were filled. These costs were substantially less than those associated with several non-academic youth programs serving similar target groups. Programs in this category include the Job Corps, the Summer Youth program, and the Youth Employment and Training Program (YETP), among others.

The evaluation data we compiled offer clear support for the effectiveness and cost effectiveness of the CIP—even when both staff and students recognized it as a short-term "experiment." Greater success should be anticipated with more stable funding. It is my firm belief that the cost of implementing the CIP will be more than offset by savings in welfare, law enforcement, and penal institution expenditures.

CENTER FOR STUDIES
IN SOCIAL POLICY

February 19, 1982

The Honorable Augustus Hawkins
Chm., House Subcommittee on Employment Opportunities
U.S. House of Representatives Office Building
New Jersey and Independence Ave., S.E.
Washington, D.C. 20003

Attn: Susan Grayson

Dear Congressman Hawkins:

Please find attached testimony submitted for the record in support of the inclusion of the Career Intern Program as part of the upcoming legislation on employment and training.

I was requested to forward testimony to your office by the Reverend Leon H. Sullivan and Dr. Maurice Dawkins of Opportunities Industrialization Centers of America. I am pleased to do so. As an external observer of this program over an extended period of time it is my perception that the program is worthy of specific Federal support as a proven and successfully evaluated program.

I thank you for the opportunity to submit my testimony.

Sincerely,
David H. Hampson.
David H. Hampson.
Director

cc: Dr. Maurice Dawkins

1340 OLD CHAIN BRIDGE ROAD, SUITE 301, McLEAN, VIRGINIA 22101
(703) 442-9495

Written Testimony by David H. Hampson,
Director, Center for Studies in Social
Policy, submitted for the record to the
Joint Congressional Subcommittees conducting
hearings on the Career Intern
Program legislation during the period
February 22-26.

The national teenage unemployment rate for youth is 18.8%, for minority youth it is a staggering 45.7%. Clearly, the need for approaches which deal effectively with youth employment problems must receive high national policy prominence and support. This is particularly necessary when one considers that the young people who are in most need are those with the least available opportunities given social demographics, geography and program availability.

The Career Intern Program (CIP) developed by Opportunities Industrialization Centers of America has a proven record of success. It is a program that has been rigorously evaluated both initially in Philadelphia, in its development phase, by the National Institute of Education and in its replication phase through funds made available under the Department of Labor's authority through the Youth Employment Demonstration Projects Act of 1977.

Few programs dealing with the problems of youth unemployment and the high incident of school dropout have been so extensively evaluated. Rarely have any programs under such an extensive examination shown such a notable success in enabling dropout and potential dropout youth to graduate from high school and make the transition to stable and productive employment or additional technical job training and academic education.

The analysis of the CIP by government sponsored evaluations has shown the program effects to be highly positive. Positive on those youth with the greatest need. These findings come at

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[1] U.S. Department of Labor, Washington, D.C. Bureau of Labor Statistics, The Employment Situation, August 1977-1981.

a time of declining Federal support for job training programs with the concomitant policy assertion that such support both should and can be picked up by the private sector.

There is great merit in the assumption that, within our economic system, job training is most effective when it is implemented directly by the industries for which the person power is needed. What is not at all certain is the assumption that private industry should be or is willing to extend itself to the young people served by this program.

As both a social policy researcher and as a private businessman, it is my perception that the private sector, responsible as it is to its investors and stockholders, will and does act with great resources where there exists a tangible return for its training investment. To expect the private sector to act for purely moral or social reasons, except on a limited basis, flies in the face of conventional economic and business wisdom. What the private sector can hope to achieve when it acts on such reasoning should not be projected beyond playing in the margins of social need.

There are additional powerful reasons undermining the assumption that the private sector is willing or able to support such programs as the CIP. (1) Geographic location of industry is not in the large urban centers where the greatest youth training and job needs reside. (2) There exists only a minimal correlation between the long-term returns and employment needs of the private sector and the short-term bridging needs of youth case adrift in the sea of despair between school and the workplace. (3) The population served is unique - a high risk, high school dropout or potential dropout. There exists little, if any, evidence that the private sector would want to establish, in any large scale way, the CIP type of program for high risk young people situated in the inner city.

Thus the argument that large scale job related programs such as CIP will be funded out of the private sector is fraught with mistaken assumptions. There are certain vital programs such as those provided during the high risk phases of transition from school to work for which a Federal support role may well be necessary. For these types of programs, serving the needy and aimed at bridging them through the high risk phases of transition, serious policy consideration should be given to a focused Federal role.

Failure to provide such a role is detrimental to the very national social fabric we as a nation have striven so rigorously to weave. The tears and rips of despair that will emerge in the long hot months ahead of us may will leave us like the Hans Christian Anderson character of yesteryear, as the "Emperor who wore no clothes."

TESTIMONY

BEFORE THE:

HEARING ON EMPLOYMENT TRAINING POLICY

CONDUCTED BY:

THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

PRESENTED ON BEHALF OF:

THE PRIVATE INDUSTRY COUNCILS OF NEW YORK, NEW JERSEY
PUERTO RICO AND THE VIRGIN ISLANDS

PANEL

J. HERBERT DAHM, JR,	CHAIRMAN, THE PRIVATE INDUSTRY COUNCIL OF ROCKLAND COUNTY, (NEW YORK) INC.
RICHARD V. HANNIS,	CHAIRMAN, BALANCE OF STATE (NEW YORK) PRIVATE INDUSTRY COUNCIL
WALTER W. HISLOP,	VICE PRESIDENT, COMMUNITY AFFAIRS, THE HOWARD SAVINGS BANK, NEWARK, N.J.
PHILIP T. POPE,	CHAIRMAN, THE PRIVATE INDUSTRY COUNCIL OF PATERSON, N.J.
EFRAIN SANTIAGO,	CHAIRMAN, THE PRIVATE INDUSTRY COUNCIL OF PUERTO RICO

MARCH 15, 1982

Distinguished members of the Committee:

My name is J. Herbert Dahm, Jr., I reside at 23 Rockford Drive, West Nyack, Rockland County, New York. I am a volunteer private businessman serving as Chairman of the Private Industry Council, Inc. of Rockland County, New York, with offices at 1 Blue Hill Plaza, Pearl River, New York 10965. I have the privilege today of representing my many Private Industry Council colleagues in the states of New York and New Jersey as well as Puerto Rico and the Virgin Islands. Together we represent a total service area population of almost 30 million residents covered by 56 Private Industry Councils, commonly called "PICs". Our panel before you today represents rural counties, the emerging suburbs and the inner cities.

Our mission today is to ask your consideration of our views on the emerging legislation which will shape the nation's efforts as it struggles to address the problems and opportunities in the areas of employment and training. Approximately three years ago, a change in the Comprehensive Employment and Training Act (CETA) ceated Title VII of the act which sought to bring the expertise of American business and industry to bear on the persistent problem of the nation's unemployed and underemployed workers. The title of that program is significant - The Private Sector Initiative Program. By title and intent, it asked for a new approach to old problems by the very people who held the key to employment growth - the country's businesses. If private free enterprise could build this country to a point of industrial supremacy, could it not also solve the unemployment problem? If business held the key to new jobs, shouldn't business design the programs to prepare workers for those jobs? In response to that challenge the PICs, mandated to have a majority of business members, were formed.

Most PICs have now acquired some two years of operating experience in the field. We have learned the lessons of how to involve the real movers of industry in the process of designing employment and training programs, implementing them, and most important, marketing them to our fellow businessmen. As a result of this experience, we feel that we can now make meaningful comments on the various proposals coming before the Congress. I must emphasize to you that we perceive several very dangerous, if not fatal, flaws in some of the ideas now being expressed. If it is really the intent of Congress to truly and effectively involve the private sector in the solution of employment and training programs, those programs must be designed in a format which will attract the interest of able private volunteers, and allow operation of the resulting programs in accordance with proven private business methods.

Our premises are really quite simple:

First: Confer authority which is commensurate with the responsibility placed. In the present case, do not expect private business to accept the very significant responsibilities for correcting the employment problems of the youth and the adults of this nation if you simultaneously limit our ability to create and to manage effectively.

Second: Consider the nation's unemployment problems to be an economic, rather than a social responsibility. Surely, we are all less than satisfied with the results of the current CETA program. This program approached the problem from the social aspect, and as a result has shown largely short term benefits and unacceptably high costs. We feel strongly that a program which ultimately results in permanent, unsubsidized jobs in the private sector will not only solve the unemployment problem, but will give our enonomy a much needed improvement in its level of productivity.

Third: Design legislation which will permit application of proven business management techniques such as Management by Objectives, Forward Capital Planning, and the concept of Return on Investment.

Fourth: Allow sufficient flexibility in the design, operation and evaluation of programs to meet the unique set of problems found in each community. Do not write a rigid set of requirements which might suit only a few areas, and find that you have thereby guaranteed failure in many others.

May I now invite your attention to the following specific recommendations.

Allocation and Funding

To preclude inequitable distribution of funds, we urge that allocations be based upon a national formula which distributes funds directly to authorized localities on a needs-based formula. This distribution should not require further legislation or allocation review at the state level. To permit intelligent capital planning and program development, forward funding for at least three years is essential, with final allocation figures available six months prior to the start of the program year. A severe flaw in the administration of the present system has been the uncertainty of funding and the delay in authorization. Any business operates on a minimum of a three year forward planning cycle and our federal employment program should be no exception. Special concern must be shown for the Caribbean Area to insure that funding levels are established on the same basis as the mainland.

Performance Standards

Any local area Private Industry Council should have the flexibility to study its own unique set of problems and to design a plan to address those problems. It should then submit that plan for approval, and from that point on be held accountable and evaluated on its success in meeting its own goals, not on some inflexible national standard . Often businesses make investments in time and money, knowing that the return on that investment will not occur immediately. So too must we be able to invest in programs that will show dividends in future, rather than current evaluation periods. We believe that an eighteen month moving evaluation period is the minimum appropriate time frame in which to view longer term program investments.

Allowable Activities

All activities currently allowable under the current CETA Title VII legislation should be continued. This has proven to be a workable set of standards which, together with the provisions of Title II B-C, have enabled PIC's to design numerous effective approaches to our employment problems.

It is with alarm and dismay that we view the provisions of both the Senate and House proposals for new employment and training legislation. Apparently, it is the intent of the authors to limit, indeed deny, PICs the authority to actually operate some of their programs. This is a fatal oversight. We unanimously agree that operating authority is absolutely essential to any meaningful plan for private sector involvement in the program. Indeed, the ability to operate programs which are designed to meet difficult local problems is the very essence of private sector initiative.

In my visits to many PICs in the Northeast, I have been impressed with the unique solutions which they have designed. Many of the most successful of these are now operated by the local PIC itself. In many cases, there is simply no existing agency with the will or the ability to carry out the job needed to overcome a specific problem. In these cases, it is vital that the PIC be able, at its option, to step in and do the job.

If it is the intent of Congress to involve increasing numbers of volunteer businessmen, educators, labor leaders and the like in this effort then, clearly, the authority granted must be commensurate with the very serious responsibility conferred. I can assure you that I do not need another boring and time-consuming volunteer meeting while work piles up on my desk in my office. Reducing PICs to planning and subcontracting functions will destroy the challenge which will draw the needed talent. On the other hand, give me both the challenge and the tools with which to help my community, and I'll be there with plenty of the right help.

Of equal concern, is the knowledge, born of experience, that economic development is an integral and inseparable part of the employment equation. We are now in a period of rising unemployment, yet we are still trying to enhance the skills of those who have heretofore been unable to find employment. Just as numerous experienced and trained workers who have been laid off line up at an employer's door, we will be offering untried, relatively high risk candidates. Does it not seem reasonable, that if we can use some of our talent and funds to increase the total number of jobs available, we will be able to simultaneously rehire our layoffs and give employment to the chronically unemployed through our efforts.

This is not an idle hope. I have personally found that many small businesses have the desire and the potential to expand if we give them the assistance to find ways to get financing, equipment, sites and, of course, trained workers. Often it takes only a visit or two and some help to prepare a simple financial statement to facilitate an expansion which produces several new jobs. On a larger scale, PIC's can play an important role in facilitating larger plant locations by making known the availability of surplus labor pools and likely sites. This function, known now as "employment generating services" is certainly worthy of preservation.

Another activity which in our recent experience has proven to be most useful, if not essential,is the payment of stipends to trainees. Clearly, this is a controversial and currently unpopular subject with the authors of the legislation before you. Yet we ask your consideration of this item as an optional device to hold trainees in particularly long term programs. Experience has shown that the amount of interest and the completion rate is strongly influenced by the availability of a modest paycheck. It is desired as a carefully controlled option in certain cases.

Local Delivery System

The local agency which provides the actual plan implementation is the key to an effective system. Too large a unit and we will have an unwieldy, unresponsive system which stands in danger of becoming yet another bureaucracy; too small an area and an ineffective body is formed which has neither the talent nor the funds to do the job. Between the two extremes lies the obvious desirable middle ground. We believe that the current prime sponsor designations should be retained where it has been demonstrated that effective PICs have been operating, and further that these PICs be permitted to carry on their work under the new legislation. For these areas, a workable minimum population count of 100,000 should be retained. Where new delivery areas must be formed, a labor market related region with 250,000 population should is appropriate. In no case, however, should an area with demonstrably different employment characteristics be forced into a labor market area grouping. These areas, upon petition to the governor of the state, must be afforded the right to set up their own delivery systems.

Basic to the concept of local delivery systems, is the formation of Private Industry Councils to provide the leadership and initiative for the definition and implementation of solutions to local problems. We believe emphatically that local solutions will be the most effective answers to local problems, and that strong PICs are the best delivery mediums. To be effective, they must have at least a majority of business membership, with the Chairman being chosen from among this majority. Other positions must be filled with at least one representative from labor, education, government and community based organizations Nominations will come from the PIC, subject to confirmation of the chief local elected official.

The PIC should be the sole planning council for all employment and training activities in the local area. It should include coordination of the labor exchange function of the employment service. The PIC should have the duty to administer the local plan and hire appropriate staff. Incorporation of the PIC should be at the option of the membership. If the PIC chooses not to administer the local plan, the governor, with concurrence of the State PIC, should designate an appropriate administering agency.

State Control Structure

We believe that to coordinate the activities of the local PIC's, direct certain statewide programs, and to advise the governor on matters pertaining to employment and training in the state, a State PIC should be formed. This PIC, like the local units should have a majority of business representatives chosen on a rotating basis from nominations of the local PIC's. The balance of the State PIC should be appointed by the governor from labor, education, employment service, and government. The Chairman, elected by the membership should be from the business majority. The State PIC should concur with the governor in any decision regarding the designation or redesignation of local PICs, in any plan for statewide programs using employment and training funds, and be empowered to reallocate unused funds among the local plan administrators in the state. It should play a role as arbiter of disputes as to local delivery areas and annual plan approvals. Continuing disputes would be referred to the governor. A maximum of 7% of the total allocation should be retained for State use, with 2% for state admininstration and the balance for use with specially impacted groups.

Youth Programs

We are acutely aware that our nation has a most serious problem in that over 40% of our minority youth are unemployed. The intent of both the Senate and House measures is to direct 50% of available program funding for employmnent and training to the solution of this problem. We agree that an effort of this magnitude is called for. It would be well to recognize, however, that not all prospective labor market areas are equally impacted. Surely, a rural delivery area would be expected to have a different pattern of youth unemployment from that of an inner city. Again, the concept of local flexibility must be brought to bear to provide truly responsive programming.

Additionally, recommended age limitations appear unduly restrictive. In our experience, we have found that we are often dealing with a group of eligibles with a common employment problem, even though their ages might range up to 25. These are the high school dropouts who lack the basic employment skills and have never held a significant job. The remediation of this type of candidate is similar, regardless of age. Basic life skills must be taught along with the job skills. To artificially split this group at age 19, say, would result in an unrealistic fractioning of the training program. We recommend therefore, that the age definition be broadened to age 25 to permit the establishment of a uniform plan to meet the needs of this essentially homogeneous group. In addition, separate performance standards must be established for the youth programs to reflect the significantly different placement patterns which youth experience.

Eligibility Standards

We concur with the establishment of the basic eligibility standard at the 70% of lower living standard level. However, our actual experience indicates very clearly that to restrict our attentions to this group exclusively, would be to seriously jeopardize our total effort. In line with our recommendation that the employment problem be treated as an economic, rather than social, issue we ask you to consider the fact that the ultimate success of our efforts comes when we get a private employer to agree to hire the products of our training efforts. Here again the realities of the marketplace will always prevail.

To an employer, the recruiting of a competent workforce is not limited to the chronically unemployed. His is a problem which covers all skill levels. When we approach him, to achieve real credibility, we must be able to address his entire training problem. All too often, when I have spoken with employers about the possibility of entering into a training program, I have sensed the disappointment when I indicate that we can only serve his entry level needs. Through the use of various other programs, we have been able to develop an employment training package which allows a limited number of otherwise ineligible workers to be upgraded in their existing skills, with the guarantee that the replacement for the promoted worker will come from eligible participants. This is a most valuable sales tool and we recommend that up to 20% of available funds be made available for this purpose.

It is further recommended that up to 10% of available funds be applied to otherwise ineligible persons with significant barriers to employment.

To any community which has undergone the social and economic trauma of a major plant closing, the remediation of the problem is obvious - the workers must be retrained so that they can find employment in another industry, hopefully near their homes. The current retrenchment of the nation's auto industry has provided ample evidence of the problem. To ignore this eventuality would be unrealistic. Accordingly, we recommend that the retraining of workers from closed plants be permitted, regardless of eligibility under income tests, within the 20% of funding previously identified for upgrading

Employment Service Coordination

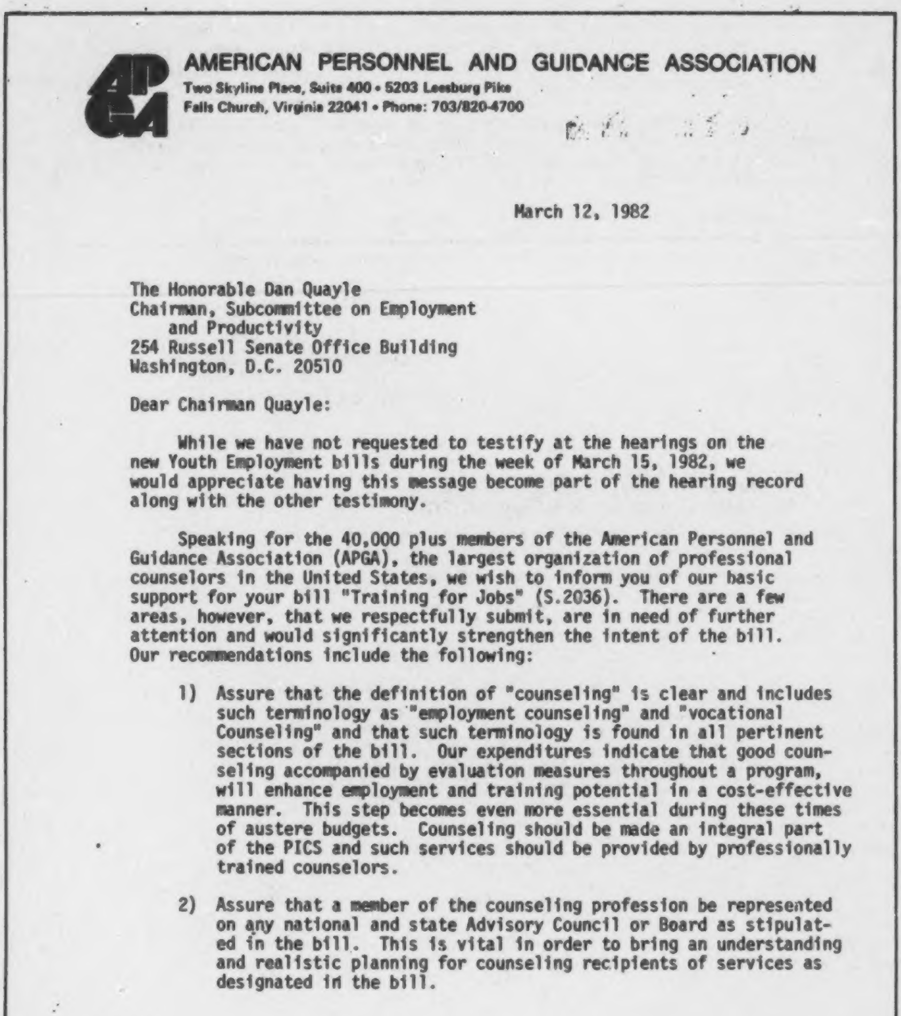
Just as a product coming out of a factory is useless unless it is brought to the market, so too will our efforts be in vain if we fail to consider the means by which we match available jobs with available workers. Many PICs have established smooth working relationships with their local Job Service offices. Coordination of this nature must be continued and enhanced. Among the proposals advanced in the proposed legislsation is the integration of the Job Service into the employmentand training program. We believe that integration of this existing workforce with its attendant problems of administration would be potentially damaging to the total effort. Accordingly, we suggest that the Job Service function continue to be separately funded and administered, with individual State Job Service coordination achieved through the approval of the annual Job Service plan by the State PIC. Local PICs would be required to integrate the labor exchange function into their individual area plans.

Conclusion

We have attempted to share with you today, the results of two or more years of experience in the field, doing many of the tasks which you are now about to provide for. These have been exciting years, and while not without frustration, and even a few failures, they have provided us with a sense of accomplishment and the knowledge that, given the opportunity, the private sector can indeed successfully address the problem of unemployment in our country.

We detect however, signs in the proposed laws of serious errors. We sincerely caution you against writing an inflexible law which would simultaneously restrict the very initiative of the private sector which you want to bring to bear, while guaranteeing that local problems could not be properly acommodated. If, indeed, you want private sector involvement, give the private sector the flexibility and the authority it needs to do the job. America has always prided itself on the efforts of its volunteers, and this effort can make us all proud.

Thank you for your attention.



AMERICAN PERSONNEL AND GUIDANCE ASSOCIATION
Two Skyline Place, Suite 400 • 5203 Leesburg Pike
Falls Church, Virginia 22041 • Phone: 703/820-4700

March 12, 1982

The Honorable Dan Quayle
Chairman, Subcommittee on Employment
and Productivity
254 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Quayle:

While we have not requested to testify at the hearings on the new Youth Employment bills during the week of March 15, 1982, we would appreciate having this message become part of the hearing record along with the other testimony.

Speaking for the 40,000 plus members of the American Personnel and Guidance Association (APGA), the largest organization of professional counselors in the United States, we wish to inform you of our basic support for your bill "Training for Jobs" (S.2036). There are a few areas, however, that we respectfully submit, are in need of further attention and would significantly strengthen the intent of the bill. Our recommendations include the following:

1) Assure that the definition of "counseling" is clear and includes such terminology as "employment counseling" and "vocational Counseling" and that such terminology is found in all pertinent sections of the bill. Our expenditures indicate that good counseling accompanied by evaluation measures throughout a program, will enhance employment and training potential in a cost-effective manner. This step becomes even more essential during these times of austere budgets. Counseling should be made an integral part of the PICS and such services should be provided by professionally trained counselors.

2) Assure that a member of the counseling profession be represented on any national and state Advisory Council or Board as stipulated in the bill. This is vital in order to bring an understanding and realistic planning for counseling recipients of services as designated in the bill.

American Personnel and Guidance Association is Committed to Equal Opportunity.

3) The definitions of persons with handicaps should be included in the bill, since there are numerous disadvantaged persons who are also handicapped. It is essential that we attempt to make handicapped persons independent and taxpayers.

We hope that you will consider the above points. In addition, I am attaching another relevant document, "Alternative Program Resources Available to Disadvantaged Youth" by Nancy Pinson-Millburn, which is applicable to your deliberations and should be a part of the hearing record.

Should you so desire we offer our assistance and experience in the area of counseling in helping you bring your bill to fruition. We also offer our availability to testify at future hearings on your bill.

Sincerely,

Charles L. Lewis, Ph.D.
Executive Vice President

CLL:ar
attachment: Pinson-Millburn paper
cc: Senator Edward Kennedy
Dr. Katherine Cole, President of NVGA
Dr. Wayne W. Antenen, President of NECA

Employment and Training Legislation:

"Its Impact on Youth"

Contact: Aaron Bocage   Juvenile Resource Center, Inc.
George Waters

As administrators of a community based youth agency in Camden, New Jersey, we are concerned about the various employment and training proposals currently being drafted in Congress. The major policy question for us is "How will new legislation impact upon youth unemployment"? Our question goes beyond any specific geographic area due to the fact that youth unemployment is a national problem and requires a solution at the federal level. This point of view has also been expressed by several youth experts at a national conference last April on Juvenile Crime, Unemployment and School Failure sponsored by the Juvenile Resource Center, Inc. and the Office of Juvenile Justice and Delinquency Prevention (OJJDP).

It is well documented in social science research that the labor market experience of several youth groups demands our attention, particularly the experience of minority youth and high school dropouts. We ask that policy makers seriously review the following facts before adopting any of the current employment and training bills.

- The jobless rate for teenagers has been persistently high since the 1960's; it reached a peak of 20% during the 1973 - 75 recession.
- The teenage unemployment rate has been more than triple the rate for adult workers for most of the last 25 years. The disparity was great in the late 1960's.

* Black and other minority teenagers have experienced higher unemployment rates than their white counterparts.
* Among teenagers not enrolled in school, 86% of the high school graduates, but only 66% of the dropouts were in the labor force in October, 1978.
* One half of black teenagers, compared with about one quarter of all teenagers, reside in 1 parent families or are living apart from their families.[1]

These are just a few of the statistical facts which suggest that employment and training legislation should integrally involve community based youth organizations in the service delivery system.

Professional human service practitioners and researchers have long maintained that there is a relationship between youth unemployment and juvenile delinquency. Failure to find legitimate employment often forces unemployed youth to engage in criminal activity. A 1972 study by Phillips, Votcy and Maxwell supports this thesis in the comparison of related age and labor force participation rates to arrest rates. The study concluded that those in the labor force have a lower crime rate on the average than those outside the labor force.[2] Changing labor market opportunities for youth were sufficient to explain the increasing crime rates. The results indicate that a successful attack on crime must consider employment problems facing young people.

The impact of youth unemployment in our own area has had a devastating impact on the city of Camden. According to the New Jersey Dept. of Labor and Industry, unemployment in Camden will average 11.1 percent throughout fiscal year 1982. Youth unemployment is estimated at 31 percent, with minority youth unemployment at 48 percent...37.5 percent for males and an alarming 63.4 percent for females.[3]

While it is shocking that almost one third of all Camden youth (and almost one half of minority youths) are actively looking and unable to find jobs, these statistics do not tell the whole story. To get a true measure of youth joblessness in Camden, we would have to include these who have simply given up looking for work and have dropped out of the labor force, or those working part time who want full time work.

We would like to recommend that members of Congress include these items in employment and training legislation.

1) Youth population be defined as young people between the ages of 14 and 21. We also recommend that 65% of all resources be targeted to this age group.
2) Special emphasis should be placed on school dropouts and minority youth in the service delivery system.
3) A waiver system should be established for youth who face other barriers to employment but do not meet income eligibility. Examples of this population include those involved in the juvenile justice system and teenage parents.
4) We recommend that prime sponsors or local planning bodies subcontract the majority of funds targeted for youth to local youth organizations who have demonstrated the capacity to provide comprehensive employment and training services for this population.
5) In addition to providing jobs and technical assistance, we recommend that the private sector lend its managerial expertise to help many organizations create employment opportunities through youth operated businesses.
6) Some CETA youth programs have achieved excellent results.

We suggest that the federal government via Dept. of Labor continue to identify these programs and create mechanisms for replication in other parts of the country.

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[1] Profile of the Teenage Worker - U.S. Dept. of Labor, Bureau of Labor Statistics, October, 1980.

[2] Phillips, Votcy and Maxwell - "Crime, Youth and the Labor Market" Journal of Political Economy, Volume 80, Number 3 University of Chicago Press, Chicago, Ill. 1972.

[3] City of Camden Labor Force Estimates by Age, Race and Sex: 1970 and Fiscal Year 1982 Projectives, Annual Planning Information and Occupational Supply and Demand Report (May, 1981). New Jersey Department of Labor and Industry, Division of Planning and Research, pp. 18 - 19.

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American Association of State Colleges and Universities One Dupont Circle/Suite 700/Washington, D.C. 20036 (202) 293-7070

RECEIVED
MAR 22 1981
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

March 16, 1982

The Honorable Augustus Hawkins
House Subcommittee on Employment Opportunities
U. S. House of Representatives
Washington, D. C. 20515

Dear Representative Hawkins:

The American Association of State Colleges and Universities (AASCU) would like to submit the attached statement for the record as part of the subcommittee hearings on job training legislation. In general, we wish to associate ourselves with the testimony on March 15 of Professor Ray Shackelford and Donald Smith of Ball State University, Indiana (a member of AASCU), and with the testimony on March 17 of the American Association of Community and Junior Colleges.

Sincerely yours,

John P. Mallan

John P. Mallan
Vice President
Governmental Relations

JPM/adm

Encl.

cc: Susan Grayson

Chairman, **John J. Kamerick**, President, University of Northern Iowa; Chairman-Elect, **James W. Cleary**, President, California State University, Northridge; Past-Chairman, **Roland Dille**, President, Moorhead State University, MN; Secretary/Treasurer, **Rodney A. Briggs**, President, Eastern Oregon State College; President, **Allan W. Ostar**.

Directors: **Warren Baker**, President, California Polytechnic State University, San Luis Obispo; **Virgus R. Cardozier**, President, University of Texas of the Permian Basin; **Myron L. Coulter**, President, Idaho State University; **H. Douglas Covington**, Chancellor, Winston-Salem State University, NC; **Alan Guskin**, Chancellor, University of Wisconsin-Parkside; **Larraine R. Matusak**, President, Thomas A. Edison State College, NJ; **Charles Mayo**, President, West Chester State College, PA; **Janet Gorman Murphy**, President, Lyndon State College, VT; **Joseph J. Orze**, President, Worcester State College, MA; **G. Robert Ross**, Chancellor, University of Arkansas at Little Rock; **Charles B. Vail**, President, Winthrop College, SC; **Ronald Williams**, President, Northeastern Illinois University.

Cable Address: AASCU-Washington, D.C.

aascu

American Association of State Colleges and Universities One Dupont Circle/Suite 700/Washington, D.C. 20036 (202) 293-7070

March 16, 1982

STATEMENT ON PROPOSED JOB TRAINING ACTS

For the House Subcommittee on Employment Opportunities and the Senate Subcommittee on Employment and Productivity

The American Association of State Colleges and Universities (AASCU) wishes to go on record as favoring job training legislation which will make it possible for postsecondary educational institutions to provide training and other services where they are the appropriate institutions to do so.

AASCU wishes to associate itself with the testimony of Dr. Ray Shackelford and Dr. Donald Smith, both of the Department of Industrial Education and Technology at Ball State University, before these two subcommittees on March 15, 1982. Like these two gentlemen, we feel that postsecondary institutions, including many four-year colleges and universities, can make a major contribution to job training or retraining, including the retraining of displaced workers.

A recent survey of the American Council on Education has revealed that several hundred four-year colleges and universities already provide programs and services of various kinds under CETA, including not only training but services such as research and technical assistance. Several hundred two-year colleges also provide such services.

Furthermore, a recent survey made by Eastern Kentucky University with the cooperation of AASCU and the National Association of State Universities and Land-Grant Colleges (NASULGC) showed that about 1,700 different less-than-baccalaureate occupational and technical programs are offered at four-year colleges and universities. Over 105,000 students are enrolled in these programs.

Incidentally, almost all of these programs are legally eligible for support under the federal Vocational Education

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Act, but very few receive such support, because state education departments have chosen not to include them. This is an issue on which we have testified in the past before the education committees of the House and Senate, and we expect to testify again. We believe the present "sole state agency" language in the Vocational Education Act keeps many colleges from making the contribution to training of which they are capable.

The various manpower training bills now being proposed by members of Congress and the administration do not specifically mandate that postsecondary educational institutions should be closely involved in the planning and implementation of manpower programs. Where qualified institutions already exist, it is duplicative and wasteful to create wholly new programs. This, we feel, was a mistake made in the past when new postsecondary vocational schools and manpower programs were created in some states, with a duplication of facilities, staff, and instruction, where quite adequate institutions already existed, both at the two-year and the four-year levels.

We believe that the law should require that postsecondary institutions, both two-year and four-year, should be represented on the local private industry councils and the state job training councils proposed in the new legislation.

Colleges and universities are willing and anxious to do their part in meeting the nation's continuing manpower needs, related to strengthening our economy, creating new job opportunities, and providing for the security of our nation. We hope that they will be given this opportunity.

****

Statement of the
National Association of Personnel Consultants
Employment and Training Programs
March 15, 1982

Programs which begin people on an employment path either by equipping them to get jobs or by directing them to jobs, are of infinite value to society. But the urge to attempt to be all things to all people must be resisted. Although much has been said about the "welfare mentality," and encouraging dependency upon government, it is virtually, universally acknowledged that legitimate needs do exist in our society and programs designed to meet these needs garner unlimited support. Target audiences must be determined and priority services selected.

The National Association of Personnel Consultants believes that the United States Employment Service, and in consequence the nation, have been ill-served by the lack of direction and focus given the United States Employment Service and the state Job Services. Perhaps the failing has not so much been a lack of direction but rather a multiplicity of directions. Congress has before it now the opportunity to establish worthwhile goals and a philosophy for the Job Service, melding it to training programs, which will provide it with the acceptance it needs to be successful at its difficult task. The function of assisting the unemployed in their return to gainful employment, or in the beginning of work, is too vital to the nation economically, socially, and psychologically, to be shifted, altered, and modified year after year.

The Job Service has "enjoyed" many critics over the years (we have been one) and few supporters. But virtually all critics have chosen that role because of more or less specific activities or lack thereof; but the need for a public employment service should not be in question today. Legitimate questions do arise, however, regarding what the Job Service should do and how it should conduct those activities.

The activities of the Job Service-- counselling, referring, training, testing, and placing--should not be viewed as entitlement programs, but rather as investments in the nation's well-being. And we believe they will be so viewed when and if they are properly directed and focused.

It is our opinion that the Job Service must be directed and structured to serve a limited market, the unemployed or otherwise economically and socially disadvantaged; and there need be nothing demeaning about this function. Government subsidizes low-income, public housing, not luxury condominiums. Limits to the scope and function of virtually all government services are imposed.

Past efforts on the part of the USES and its state services to be "all things to all people" have proven to be detrimental to those who most need state and federal assistance. When limited resources are spread over an ever-increasing service spectrum, those most in need of help actually suffer. Each time the Job Service aids someone in a career change or aids a company in recruiting an already employed individual, valuable time and financial resources are taken away from someone unemployed. Who is served by unemployment tax supported activities which do not end in removing someone from the ranks of the unemployed? Certainly not the employer who has to pay the unemployment taxes.

NAPC supports amendments which allow and encourage the Employment Service to focus its attention on those who most need its help, the unemployed and disadvantaged. This is the proper role for a tax supported, public service entity. No longer can the original Wagner-Peyser mandate of service to all "men, women and juniors" be viewed as a legitimate goal for an agency restricted as are all federal and state programs, by finite and shrinking fiscal resources. Nor is such an all-encompassing mandate necessary, given the existence and efficiency of other labor market intermediaries.

The people who need help the most are those least able to help themselves and are found at the bottom of the employment ladder. It is argued that when and as the ES concentrates its efforts on the people at the end of the employment spectrum, it develops a reputation as an agency for the least desirable workers, and thereby reduces its effectiveness and ability to place workers in all jobs, but especially in good jobs.

It should be pointed out that the position of people lower on the employment ladder does not have to be--nor should it be considered--a permanent position. The factors which contribute to putting people at the bottom of the ladder--particularly lack of education, lack of marketable skills, and, in some instances, discriminatory hiring practices--can be changed. People can be given basic education and instruction on what employers want and how to keep a job. They can be provided with skills. Discrimination can certainly be eliminated or at least its outward manifestations can. To the extent that the ES itself uses its authority and special competence to bring about such changes--increasing individual's employability and breaking down discriminatory barriers--it is fulfilling its most important function.

Another frequently made argument that has wide currency and apparent acceptance is that the ES must concentrate on improved service to employers in order to increase employer use, which in turn will result in increased job listings and--on the trickle down theory--eventually result in more and better placements for the disadvantaged. The theory holds that if the ES can satisfy employers' needs for highly skilled staff--including professionals, technical, and managerial staff--then employers will be encouraged to increase their use of the ES and will list semi and unskilled job openings with the ES as well skilled jobs. In that way, the theory goes, the disadvantaged will in effect claim the reward for the improved service provided to employers, as well as moving up into the positions vacated (despite a lack of appropriate skills).

The theory of improving service to job seekers by increasing service to employers does not recognize the limitations of employment service resources. It assumes that it is possible to put resources into the demand side of the labor market equation--cultivating employers in order to increase job listings--without sacrifice of resources on the supply side--finding and preparing the people who need entree to the labor market, and who are, in fact, needed and desired by employers already. What is not necessarily socially useful is for the ES to divert staff from helping the disadvantaged to helping groups of workers who are able to help themselves and for whom other labor market intermediaries can provide a more effective service.

It is not useful, nor necessary for local ES offices to be moved away from their present, generally centralized locations which can be reached by public transportation, into the suburbs to tap better qualified workers; it is not benefical to shift counseling staff away from providing service to disadvantaged workers and would-be workers into helping managers upgrade their personnel. It is not socially useful nor efficient for ES staff to provide all screening and referral for certain, but not all, companies. It is a waste of both human and monetary resources for ES staff to attempt to recruit engineers, data processing professionals and other professionals when a host of other labor market intermediaries already exist and function efficiently in meeting those needs. Such skills are in such short supply that tax payer funds are being used, in effect, to take an employee from one employer to another.

There are several problems associated with this theory. First, it is just a theory. A realigment effort, begun at the request of employers in 1971, includes personal visits by the ES staff to employers and has not convincingly demonstrated either an increase in placements of the harder to employ or increase employer use and confidence in the ES. Further, the claim of a need to meet all of an employer's needs to be asked to fill a certain categories of needs, flies in the face of the trend towards increasing use of specialists, both in meeting employment needs and all other business needs.

Secondly, the theory does not recognize the facts of current labor market life. The labor market today is highly complex, there are a host of methods in which people and jobs are brought together, both formal and informal. DOL studies indicate that the ES share of labor market transactions is somewhere between 10 and 15 percent, with two thirds of all job openings being filled through personal referrals and other informal means. There is simply no way that the ES can supplant the existing, working, labor market mechanisms for putting workers and jobs together, nor should it attempt to do so. Professional societies, union halls, newspaper advertisements, private placement firms, etc., all labor market intermediaries continue to exist because they are effective and efficient. The ES should neither attempt nor expect to break into this area which is currently being competently handled; rather it should concentrate on serving the sphere it has already proven itself able to service.

Several states have established professional recruitment offices, frequently at the request of employers' advisory committees. Virtually all state Job Services advertise regularly for professional personnel needs of various companies.

We have a number of comments on these practices:

a. It is quite understandable that employer advisory committees would request professional recruitment services. However, the Job Service is funded through taxes paid by employers for unemployment insurance. Professional recruitment is not using these funds in any way related to unemployment. Such efforts reduce the ability of the Job Service to attempt to return the uemployed to work.

b. Whenever the Job Service advertises positions open, the only results can be to attract additional candidates for jobs. Of necessity, this must detract from the service which can be given to those unemployed and seeking employment. Job Service personnel must respond to candidates who answer the advertisements, whether by mail or in person. With the unemployment rates what they are, both now and for the forseeable future, it makes no sense for the Job Service to be advertising to attract candidates. Advertising the qualifications of unemployment insurance recipients, on the other hand, whether in the newspapers or through direct mail, does make sense. The individuals advertised do not have to be identified as unemployed, for we all know this situation is a stigma in the eyes of some employers. But such advertising would constitute a bona fide effort to return the unemployed to work.

c. It will be contended by the Job Service that the employer usually pays for these advertisements. We answer that this is irrelevant, that Job Service personnel are still distracted from serving the unemployed. Advertisements which are required under current immigration laws, those requiring that the Job Service advertise to certify the need for foreign labor, are paid for by the employer. We contend again that this is irrelevant. Perhaps the employer should also have to reimburse the Job Service for its efforts in certifying the need for foreign labor above and beyond the direct cost of the advertisement. We also contend that any such advertisements should be clearly labeled regarding the purpose. By publicizing that foreign labor is being sought, more U.S. citizens would be apt to apply, realizing that they have first priority for the job or jobs in question.

d. Job Service offices have been encouraged to institute Gate Applicant Master Order Techniques with selected, large, local employers. We contend that such agreements are simply methods of increasing the paper and applicant flow, with no resultant reduction in unemployment levels. Having the hiring company refer all candidates to the Job Service, which then refers the candidates back to the hiring company, simply puts another stumbling block in the way of the job seeker; it increases the work load on Job Service staff; and it brings no new factors into the unemployment formula. Such agreements would seem to have been created by an excessive demand for results, for numbers by and for their own sake. The Quayle-Petri bill calls for the Secretary of Labor to determine measures of "return on investment." We suspect that GAMOT agreements, advertising for immigration purposes, and professional recruitment will not be found to be justified or cost effective under such measurements.

Something needs to be said regarding the relationship between the public and private sector placement offices. For too long these offices have functioned in a hostile and competitive framework. Government regulations prohibit the Job Service from referring anyone to private, permanent placement offices, although referral to temporary help services is allowable. The current CETA legislation prohibits the paying of a fee, whether by employer or employee, a prohibition continued in one form or another in most of the proposed legislation. Limited, controlled pilot programs have been conducted in both Pennsylvania and Michigan which have shown that private personnel firms can be of considerable assistance in returning job seekers to work. These programs should be expanded and replicated across the country where appropriate.

We are not calling for the government and private placement firms to carve up the turf; we are suggesting cooperation, which is in everyone's best interest. Although contrary to government regulations, several Job Service offices do regularly make referrals to private placement firms. This should not be contrary to regulations. Placement firms which do wish to receive referrals from the Job Service should be allowed to receive such referrals. In today's world, competition does not always improve performance--it can lead instead to misleading information, distortion, duplication, etc. The government and private sector placement offices should be able to find grounds for cooperation in the public interest of reducing the unemployment rolls, lowering the unemployment taxes imposed on employers, and lessening the debts of those states which have borrowed from the U.S. Treasury to continue paying unemployment benefits.

The individual job seeker should be given the requisite information to determine whether he will benefit from hiring a personnel consultant to represent him in the job search, whether he wishes only to be referred to placement firms which do not charge fees to the applicant, or whether the government (Job Service) can provide the most appropriate and beneficial service. We are advocating neither competition on a numbers basis nor that the government should actively subsidize the private placement firms; we are advocating complete, full, and free information on the options which do exist in the community already--including those outside the government sector.

Demographics show that in another decade or so, we will be entering an era where there will be fewer entry-level jobs, where the lot of minorities will not be significantly improved vis a vis the job market. But there will also be less competition for entry-level jobs because of declines in the birth rate. Individuals must be started on the employment path immediately unless they are to be left with few skills and even less demand for those skills. All the bills in consideration before this Congress call for increased attention to training, which is completely justifiable. NAPC members confidently believe they can be a major factor in finding jobs for individuals who have the necessary job orientation, who understand what an employer expects and have the skills to meet those expectations.

Programs which train people in the necessary skills as well as in what employers expect, programs which truly train one to enter the job market, dealing with those aspects which are not simply skill-related, are of inestimable value. It is for this reason that we said previously that the best preparation for getting a job is having one. Once basic skills are taught, programs need to stress good work habits; and beyond that, the programs should teach how to get the next job. Consideration must be given to teaching skills first, how to keep a job secondly, and how to get another, better job thirdly.

In conclusion, it is the belief of the National Association of Personnel Consultants that any amendment to the Wagner-Peyser Act must concentrate on limiting the activities of the United States Employment Service and on directing those efforts toward people who need help the most. Steps must be taken to eliminate service to employers at the expense of the unemployed, service to the most easily employed at the expense of the hard to employ. A clear statement of purpose must be constructed which will direct the Employment Service to work toward placing individuals who have benefitted from federal employment and training assistance. The Employment Service should not be expending limited staff and financial resources in order to aid the job-ready, employed applicant who is seeking only to accelerate his career, especially when those tax revenues are being used simply to move employees around without adding to total employment or reducing unemployment.

The role of the public employment service should be one of aid to the unemployed and disadvantaged. Legislation which helps the Employment Service to reach this goal will ultimately strengthen the service and ensure its acceptance as a worthwhile, legitimate labor market contributor.

NATIONAL COUNCIL OF SENIOR CITIZENS

Testimony before the
House Subcommittee on Employment Opportunities
and the
Senate Subcommittee on Employment and Productivity on S. 2036
March 17, 1982

We commend the Committee for its recognition that job training and placement efforts are an investment in the future of the nation. If we are to remain competitive in the global market, and if we are to maintain the quality of life in our own country, it is essential that all segments of the population be afforded the opportunity to realize their full potential. Not only do job training programs facilitate increased productivity in the nation, but the cost of non-productivity is too great a cost, both in human and economic terms, for our nation to bear. By recommending that this Act be funded at 3.8 billion dollars--58 percent more than the amount recommended under the Administration's proposal--this Committee recognizes the importance of this investment. Even a sum of $3.8 billion, however, represents a major reduction in Federal spending in this area, and falls short of meeting our nation's job training needs.

These deliberations reflect the Congress' determination to build upon past efforts such as CETA and its predecessors to assist those who, even in the best of times, have difficulty finding and securing employment. However, it is essential to recognize that older workers need opportunities for training, as do other segments of the population. Their absence from this proposed legislation is conspicuous.

Older workers (45 and older) presently constitute 23 percent of the long-term unemployed.[1] Discouraged older workers no longer seeking employment swell this number considerably, according to most experts. Inadequate attention to the rapidly increasing elderly population could mean that economic progress built upon increased youth employment will be offset and negated by the increased size of a dependent population of older individuals.

It is therefore essential that the Federal government anticipate the 19 percent increase in the over 55 population which will occur between 1980-2000.[2] The time is past when this nation can afford to put older workers "out to pasture." To date, the Federal government has largely ignored the employment potential of the older worker population with costly consequences such as grossly increased costs in supplemental Social Security payments, Unemployment Compensation and a host of public assistance programs.

One of the few exceptions to the Federal government's policy of benign neglect in the area of older workers employment is the Senior Community Service Employment Program (Title V of the Older Americans Act). While Title V is a fundamentally distinct program enabling the provision of community services, elements of the program demonstrate the viability of participation of the elderly in the work force. Older workers under Title V currently

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[1] 1981 Employment and Training Report to the President. Table A-37.
[2] Based on Table 8 Series II projection (1977), Bureau of the Census.

provide community services to hundreds of towns and cities. Neither this bill nor the Administration's program makes such provision. Title V participants are, for the most part, with incomes below the poverty line. These individuals need the wages paid to them for community service work. To suggest that these participants could survive during unpaid training periods is to ignore the income needs of this segment of the population. In fact, nine out of ten program dollars appropriated under Title V are paid to participants in wages and fringe benefits.[3] In this era of economic constraints, Mayors and community leaders across the country have publicly declared the importance of the work being accomplished by Title V participants.

Beyond these sound economic arguments, Title V restores self-confidence in participants who have had long absences from the work force, serves as an ideal starting point for those who have never been in the labor force (such as recently widowed or divorced older women), and provides important links to other support services such as physical examinations. Title V participants demonstrate through the jobs they perform that the older worker can make real contributions to the community, the labor force and the economy.

Rather than this proposal or any other Job Training program being a replacement for Title V, national training programs and Title V serve fundamentally different but complementary purposes, that together begin to represent a long, overdue older worker employment and training policy.

3/1981 DOL figures put average administrative costs for all Title V sponsors at 10.9 percent.

One final reason why Title V and Training for Jobs is not an "either-or" choice relates to economic arguments. Both are investments in a healthier economy and nation. By preserving and protecting the Title V program, and by including older workers as a targeted population under the Training for Jobs program, this Congress will take an historic and farsighted step toward a comprehensive employment policy which addresses the needs of one of the fastest growing population segments in the society.

According to the latest OMB figures, over 400,000 older individuals fell below the poverty line in 1980. This is the single largest increase in the impoverished elderly population ever recorded. Because of the pressure of inflation on fixed incomes, and because of increasing longevity and better health--among other reasons--the seventy-year trend toward early retirement has slowed in the past decade, and most recently has halted. The difficulties that older workers entering or re-entering the work force encounter in their job search, however, have been well documented in study after study presented to Congressional committees. These studies indicate that, while the problems encountered by older workers seeking employment may have increased in incidence and severity, they are by no means new problems. As long ago as 1956, the U.S. Employment Service surveyed 540 businesses on hiring practices with regard to age. They found that new hires represented less than a third of this group's proportion among the unemployed, or a mere nine percent of new hires.[4/] Nineteen seventy-seven BLS and Census Bureau studies showed that of the

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[4/] The Older American Worker: Age Discrimination in Employment, Research Materials, Report of the Secretary of Labor to the Congress under Section 715 of the Civil Rights Act of 1964, pp. 3-17.

nation's 9.5 million men aged 55-64, over 25 percent were unemployed. Although it is unclear how many of these individuals were seeking work, this figure suggests that there is an unacceptably large population of older workers outside of the labor force. The Training for Jobs Act should represent one positive step in fostering their return to the work force by equipping as many as possible with the skills needed to be competitive.

After doing his own survey in 1976 and 1979, Lou Harris commented that once bridges were built to facilitate the employment of older workers, they would "fly across not just walk across," those bridges. Harris found in his 1974 survey that over four million people age 65 and older (who were not working) needed and wanted employment. The 1979 survey findings raise that number to nine million people aged 65 and older.[5]

It is essential that the proposed legislation representing the government's best effort to increase employment and productivity reflect the economic necessity of the participation of older workers. To assume that the economic health of our elderly population is unrelated to the fundamental purposes of the Training for Jobs Act is to ignore the unmistakable demographic trend toward an older population and the economic consequences of that population being largely dependent.

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[5] The Myth and Reality on Aging in America, a study for the National Council on Aging, Inc. by Louis Harris and Associates, Inc. Prepared in 1974.

1979 Study of American Attitudes Toward Pensions and Retirement; a Nationwide Survey of Employees, Retiree and Business Leaders, commissioned by Johnson and Higgins; conducted by Louis Harris and Associates, Inc.

One lesson that can be learned from CETA is that discretionary authority to target resources to older workers will not work. Although the Department of Labor made belated attempts to encourage Prime Sponsors to serve older workers in proportion to their incidence in the population, 1980 CETA participation statistics reveal that only about two percent[6] of CETA participants were older workers. Their proportion in the eligible population was estimated at 17 percent according to a U.S. DOL Employment and Training Administration Performance Management Study. In other words, more than five times the number of elderly persons fell below the poverty line in 1980 as were served under CETA programs. This reflects the widespread and potentially disastrous belief held by those inside and outside of government that the majority of older workers are not capable of contributing to the economy. As the size of the unemployed elderly population continues to grow, this mistaken belief becomes increasingly a self-fulfilling prophecy.

Therefore, it is our strong recommendation that this Committee earmark funds under a new Part of Title II designed solely for the purpose of providing training to older workers. (See attachments.) Such programs should be administered nationally through the Department of Labor and by national organizations of proven competence in the field of older worker employment. This national approach will assure that programs are designed according to the special characteristics and needs of the older worker.

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[6] Based on the 1981 Employment and Training Report to the President; Table 2; selected characteristics of CETA participants, fiscal 1980.

Amounts necessary to carry out this purpose should be based on the total number of long-term unemployed older persons, as that number is proportionate to the total number of long-term unemployed persons nationally; as that is a percentage of amounts specified under Title I, Section 101(S)(A). These amounts should be in addition to amounts authorized under any other Title of this Act.

In conclusion, we would urge this Committee to recognize the intrinsic interdependency of all communities within the society, be they young or old. If this Act is to have a significant impact on the future health of the nation's economy, a balanced approach fostering the increased employment participation of all population segements is essential. We, as a nation, can ill afford to waste tax dollars by overlooking the inescapable fact that the economic health of our elderly population and their potential for self-sufficiency is directly related to the economic health of our nation.

Proposed Amendment Language -

Purpose and Policy

Title II, Part C--Programs for Older Workers

Section 221.(a) The Congress finds and declares that -

(1) Older workers make up a substantial portion of the long-term unemployed, substantially affecting the national economy; and

(2) because of the special nature of older worker employment and training problems and needs, such programs can best be administered at the national level.

Therefore, the Secretary shall administer programs designed to increase the participation of older workers in the labor force. The Secretary shall utilize National organizations of proven competence in the field of older worker employment.

Programs supported under this part shall include but not be limited to: training older workers in new technologies, training older workers for occupations in demand as defined by the United States Employment Service, and training older workers for employment opportunities identified by the State Job Training Councils. The Secretary shall also work to identify and overcome artificial barriers limiting increased participation of older workers in the labor force.

Proposed Amendment Language -
Allotment, Distribution

The amount devoted to Title II, Part C shall be in addition to amounts authorized under any other Title in this Act. Such amounts shall be based on amounts specified under Title I, Section 101(3)(A) and shall equal the same percentage of that total as the proportion of older persons in the long-term unemployed population bears to the total number of long-term unemployed persons, nationally.

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY LABOR AND HUMAN RESOURCES COMMITTEE

U.S. SENATE

STATEMENT OF ROBERT TAFT, JR., COUNSEL FOR OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES

March 26, 1982

Mr. Chairman and Members of the Subcommittee,

I am Robert Taft, Jr. of the law firm of Taft, Stettinius & Hollister, and I am filing this statement relating to S. 2036, the Training for Jobs Act, on behalf of the Ohio Association of Community Action Agencies. It supplements the statement filed by John T. Dempsey, Executive Director of the Association, on March 18.

The Comprehensive Employment Training Act of 1973, of which I was a cosponsor, brought into being the CETA program to attempt to deal with problems of structural and cyclical unemployment as they were viewed at that time. The problems of industrial change, a shift to a more service oriented economy, a high degree of youth and minority unemployment, as well as the employment problems of native Americans and migrant and seasonal farm workers were also singled out. While the programs have obviously been of great service in the intervening years and have provided much needed general and specific training that has helped many thousands of Americans get and retain employment, changes are needed and would be brought by S. 2036 which would redirect it more specifically to the problems of today. In doing so, we can take advantage of the successes and failures of the past.

Unfortunately, current economic conditions have led to aggravated problems with our national unemployment figure of about 8 1/2% and double that amount or more in certain particularly affected geographical and industrial areas. The problems with which we are dealing are now as much structural as cyclical and result particularly from what appear to be permanent declines in employment opportunities in such a field as automobile manufacturing. Also, the problem of youth unemployment, and particularly of minority youth, while serious in 1973, has now reached proportions that demand a more effective response.

The experience with public service employment programs in the past has, even when considered in its best light, been questionable; and it is not included in this bill. Coming in an inflationary period, the increased government costs have put strains on local and state government that have too often resulted in shifting payroll burdens from one source of public funding to another with little consideration of the value of the training being provided.

On the other hand, the effectiveness of past training programs for private industry has been more rewarding. Some excellent results have been attained; and, in general, the locally oriented programs run by community action agencies and other community based organizations have done a good job, particularly when formally or informally they have been able to avail themselves of the skills from private industry. The great promise of S. 2036 is that through increased use of private industry councils (PIC's) we may be able to assure that this virtue is incorporated into a far greater number of training programs.

In the light of the current budgetary crisis at the national and state levels, it is appropriate to note that S. 2036 will not increase the expenditure figure of 3.8 billion dollars currently authorized for 1982 for CETA programs and will make no allowances for the effects of inflation or for the sizeable increase in the number of persons in need of training and retraining in order to fill the job opportunities that exist and about which we read in the want ads of our daily journals. A basic concept of Federal involvement in employment training is that it is an investment that aids not only the individual recipient but the country as a whole through expansion of the skilled labor market and through increase in productivity and the gross national product. Even in today's tightest of budgetary situations, this remains true and makes the investment an even sounder one.

While the general pattern of the proposed legislation is excellent in its promise of improved results, I believe that promise could be enhanced further by making sure that the local training experience that has been built up under CETA and the community action programs is not abandoned and wasted. Specifically, I feel that there should be somewhat more recognition in the bill of this element, both in the selection of the members of the PIC's and in the selection of agencies to deliver services within a service delivery area. For that reason, we are suggesting to the Subcommittee that it consider giving priority to nominees of organizations with experience in job training such as the members of the Association of Community Action Agencies in Ohio and elsewhere. This could be done by the two following amendments:

> On page 13, in line 16, before the period, insert:
>
> and shall give priority for those nominees under 103(b)(1)(B) to organizations such as community action agencies with experience in job training
>
> On page 22, line 5, amend (d)(1) to read:
>
> In selecting agencies to deliver services within a service delivery area, prime consideration shall be given to community based organizations and to the cost effectiveness of the agency in delivering effective training services based on past performance.

Finally, we would like to commend the sponsors of the bill for having moved to meet these needs and to urge that action be expedited in every way possible. The passage of legislation at an early date would provide a degree of predictability and time for planning that could be extremely valuable in getting needed changes in our job training programs at a time when the need for them has never been greater.

TESTIMONY OF

LILLIAN ROBERTS, INDUSTRIAL COMMISSIONER

NEW YORK STATE DEPARTMENT OF LABOR

SUBMITTED FOR THE RECORD

JOINT HEARINGS OF THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AND THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

CHAIRMAN QUAYLE, CHAIRMAN HAWKINS, I AM LILLIAN ROBERTS, INDUSTRIAL COMMISSIONER, OF THE NEW YORK STATE DEPARTMENT OF LABOR. IN CONCERT WITH GOVERNOR HUGH L. CAREY, I AM PLEASED TO

TESTIMONY OF

LILLIAN ROBERTS, INDUSTRIAL COMMISSIONER

NEW YORK STATE DEPARTMENT OF LABOR

SUBMITTED FOR THE RECORD

JOINT HEARINGS OF THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AND THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

MARCH 15-18, 1982

SHARE THE VIEWS AND PERSPECTIVES OF NEW YORK STATE REGARDING PROPOSED EMPLOYMENT AND TRAINING LEGISLATION.

THROUGH THE CONDUCT OF THESE JOINT SUBCOMMITTEE HEARINGS YOU HAVE DEMONSTRATED A RESPONSIVENESS TO THE OVERWHELMING CONCERN ABOUT THE FUTURE OF EMPLOYMENT AND TRAINING AND THE DESIRE OF ALL INTERESTED PARTIES TO ENSURE THE SURVIVAL OF THESE CRUCIAL PROGRAMS. IN VIEW OF OUR ESCALATING UNEMPLOYMENT LEVELS, IT IS CLEAR THAT THESE PROGRAMS MUST SURVIVE.

DURING THE MONTH OF JANUARY, UNEMPLOYMENT IN NEW YORK STATE HIT A LEVEL OF 8.5%, AN INCREASE OF NEARLY ONE FULL PERCENTAGE POINT SINCE DECEMBER. THIS FIGURE REPRESENTS 681,000 INDIVIDUALS AND REFLECTS THE HIGHEST UNEMPLOYMENT RATE FOR THE MONTH OF JANUARY SINCE 1978.

FOURTH QUARTER DATA FOR 1981 FOR MINORITIES PAINT AN EVEN HARSHER PICTURE. UNEMPLOYMENT AMONG MINORITIES ROSE TO 13.7

PERCENT. AMONG MINORITY YOUTH, MORE THAN 48 PERCENT WERE JOBLESS.

THE LEVELS OF POVERTY AND UNEMPLOYMENT IN NEW YORK STATE ARE SO SEVERE THAT 3.6 MILLION NEW YORKERS - ONE QUARTER OF THE STATE'S POPULATION OVER THE AGE OF 14 - WILL POTENTIALLY BE ELIGIBLE FOR CETA SERVICES DURING THIS FISCAL YEAR. THUS NEW YORK STATE, LIKE SO MANY OTHER STATES, SUPPORTS THE CONTINUATION OF THE FEDERAL COMMITMENT IN THIS AREA.

NEW YORK STATE IS COMMITTED TO IMPROVE THE LIVES OF THE ECONOMICALLY DISADVANTAGED AND THROUGH THE LABOR DEPARTMENT HAS TURNED THIS COMMITMENT INTO ACTION. I HAVE MADE IT OUR BUSINESS TO LEAD THE FIGHT TO PREPARE PEOPLE FOR EMPLOYMENT AND TO PLACE THEM IN JOBS. TO ACCOMPLISH THIS OBJECTIVE, THE LABOR DEPARTMENT HAS:

- MANAGED MORE THAN $84 MILLION CETA DOLLARS DURING THE LAST FISCAL YEAR;

- STEPPED INTO THE FOREFRONT OF THE SUCCESSFUL EFFORT TO RESTORE JOB SERVICE FUNDING; AND

- LAUNCHED AN AGGRESSIVE JOBS CRUSADE TO OBTAIN MORE JOBS FOR OUR CLIENTS AND MEET THE STAFFING NEEDS OF OUR EMPLOYERS.

CONSISTENT WITH OUR LEADERSHIP ROLE IN NEW YORK STATE WE INTEND TO WORK CLOSELY WITH BOTH SUBCOMMITTEES TO REFINE THE NATIONAL EMPLOYMENT AND TRAINING SYSTEM TO PREPARE OUR CONSTITUENTS FOR THE JOBS OF TODAY AND THE OPPORTUNITIES OF TOMORROW.

FOUR DISTINCT LEGISLATIVE PROPOSALS HAVE BEEN ADVANCED, EACH OF WHICH WOULD SEEK TO ACHIEVE THIS GOAL. DESPITE THE

DIFFERENCES AMONG THESE PROPOSALS A COMMON THEME EMERGES:

- INCREASED PRIVATE SECTOR INVOLVEMENT IN PROGRAM PLANNING;
- RECOGNITION OF THE IMPORTANCE OF NATURAL LABOR MARKETS FOR ENHANCING EMPLOYMENT AND TRAINING OPPORTUNITIES;
- FOCUS UPON THE ECONOMICALLY DISADVANTAGED AS PRIMARY PROGRAM PARTICIPANTS; AND
- RECOGNITION OF THE NEED TO MONITOR AND ASSESS PROGRAM PERFORMANCE.

WE AGREE THAT THESE FEATURES MUST BE PART OF AN IMPROVED EMPLOYMENT AND TRAINING SYSTEM. THE CONSENSUS REGARDING THESE ISSUES IS AN EXTREMELY POSITIVE SIGNAL. BASED ON OUR EXPERIENCE, HOWEVER, WE STRONGLY URGE THE SUBCOMMITTEE TO TAKE WHATEVER

STEPS ARE NECESSARY TO ENSURE THAT ANY NEW LEGISLATION ALSO EMBRACES THE FOLLOWING CRITICAL ELEMENTS:

- PROVISION OF ADEQUATE FUNDING;
- FULL PROGRAM ACCESS FOR THE ECONOMICALLY DISADVANTAGED;
- BROAD MIX OF SERVICES;
- COOPERATIVE PRIVATE SECTOR INVOLVEMENT;
- COOPERATIVE ORGANIZED LABOR INVOLVEMENT;
- MAINTENANCE OF A CENTRALIZED STATE LABOR EXCHANGE MECHANISM; AND
- APPROPRIATE STATE AND LOCAL RESPONSIBILITIES FOR

COOPERATION AND COORDINATION.

IN OUR VIEW, THESE ELEMENTS ARE ESSENTIAL FOR A VIABLE EMPLOYMENT AND TRAINING SYSTEM.

WE HAVE CLOSELY EXAMINED ALL OF THE PROPOSED LEGISLATION AND HAVE MADE AN ASSESSMENT OF THE EXTENT TO WHICH THESE ESSENTIAL ELEMENTS ARE REFLECTED IN EACH PROPOSAL. I WOULD LIKE TO SUMMARIZE OUR FINDINGS FOR YOU.

PROVISION OF ADEQUATE FUNDING

CLEARLY, ADEQUATE FUNDING IS ABSOLUTELY ESSENTIAL IF THE EMPLOYMENT AND TRAINING SYSTEM IS TO ADDRESS THE PRESSING NEED FOR THE SERVICES IT PROVIDES. WE MUST NOT PERMIT EXTREME FISCAL AUSTERITY TO BECOME OUR DRIVING FORCE AS WE SEEK TO IMPROVE THE EMPLOYMENT AND TRAINING SYSTEM. RATHER, WE MUST REALIZE THAT THE FISCAL POLICIES WHICH HAVE FUELED OUR CURRENT RECESSION ARE

THE MAJOR REASON FOR AN EVEN GREATER NATIONAL COMMITMENT TO EMPLOYMENT AND TRAINING.

OF THE FOUR LEGISLATIVE PROPOSALS BEFORE US, THE BILL INTRODUCED BY REPRESENTATIVE HAWKINS (H.R. 5320) PROVIDES THE HIGHEST AUTHORIZATION LEVEL OF $5 BILLION. OF THIS AMOUNT, STATES AND LOCALITIES WOULD RECEIVE $3.5 BILLION TO ADMINISTER PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED AND FOR DISPLACED WORKERS.

THE OTHER PROPOSALS WOULD PROVIDE SUBSTANTIALLY LESS FUNDING, WITH THE PROPOSALS TO BE OFFERED BY SENATORS QUAYLE AND HATCH LOWERING AVAILABLE FUNDING TO A MERE 2.4 BILLION. THE QUAYLE-KENNEDY (S. 2036) AND JEFFORDS (H.R. 5461) BILLS WOULD AUTHORIZE $3.8 AND $3.6 BILLION RESPECTIVELY; HOWEVER THESE LEVELS APPROXIMATE THE CURRENT FISCAL 1982 FUNDING LEVEL OF $3.0 BILLION WHICH HAS CREATED HAVOC FOR THE EMPLOYMENT AND TRAINING SYSTEM. ACCORDINGLY, WE VIEW MR. HAWKINS' PROPOSED AUTHORIZATION AS THE MINIMUM ACCEPTABLE LEVEL.

FULL PROGRAM ACCESS FOR THE ECONOMICALLY DISADVANTAGED

SUBSTANTIAL AGREEMENT IS REFLECTED IN THE FOUR PROPOSALS REGARDING THE OBVIOUS NEED TO TARGET SCARCE RESOURCES ON THE ECONOMICALLY DISADVANTAGED. HOWEVER, THE MERE TARGETING OF SERVICES FOR THE DISADVANTAGED IS NOT SUFFICIENT TO ENSURE FULL ACCESS. RATHER, THE EMPLOYMENT AND TRAINING SYSTEM MUST BE STRUCTURED TO ENCOMPASS A SUFFICIENTLY BROAD SPECTRUM OF THE DISADVANTAGED POPULATION WHICH FACES BARRIERS TO LABOR FORCE ENTRY. IN ADDITION, THE JUDICIOUS PAYMENT OF STIPENDS AND ALLOWANCES AND THE PROVISION OF ADEQUATE SUPPORTIVE SERVICES MUST BE CONTINUED TO ENABLE THE ECONOMICALLY DISADVANTAGED TO BEAR THE COSTS OF PROGRAM PARTICIPATION AND TO SUSTAIN THEMSELVES WHILE THEY ATTEMPT TO IMPROVE THEIR LIVES.

THE ELIGIBILITY CRITERIA ESTABLISHED BY THE BILL TO BE OFFERED BY SENATORS QUAYLE AND HATCH ARE RESTRICTED TO PUBLIC ASSISTANCE RECIPIENTS AND OUT-OF-SCHOOL YOUTH. WHILE THERE IS NO

QUESTION OF THE NEEDS OF BOTH TARGET GROUPS FOR EMPLOYMENT AND TRAINING SERVICES, THERE ARE OTHER EQUALLY DESERVING TARGET GROUPS WHICH HAVE BEEN SERVED IN THE PAST AND WHICH WE BELIEVE SHOULD CONTINUE TO RECEIVE SERVICES. THUS THE QUAYLE-HATCH PROPOSAL IS SO RESTRICTIVE THAT IT WOULD BE EXTREMELY INEFFECTIVE.

THE QUAYLE-KENNEDY BILL WOULD BASE PROGRAM ELIGIBILITY UPON THE BUREAU OF LABOR STATISTICS LOWER LIVING STANDARD WITH A PROVISION THAT 10 PERCENT OF PARTICIPANTS NEED NOT MEET INCOME CRITERIA IF THEY FACE OTHER SEVERE BARRIERS TO EMPLOYMENT. WE BELIEVE THIS IS A FAIR AND REASONABLE STANDARD. HOWEVER, WE STRONGLY DISAGREE WITH THE PROHIBITION AGAINST THE PAYMENT OF ALLOWANCES AND STIPENDS AND URGE IMMEDIATE RECONSIDERATION OF THIS APPROACH. THE REIMBURSEMENT OF EXPENSES PROVIDED IN THIS BILL IS COMMENDABLE BUT STILL DOES NOT RECOGNIZE THE NEED OF PROGRAM PARTICIPANTS FOR IMMEDIATE RESOURCES TO ENABLE THEM TO PARTICIPATE.

THE JEFFORDS PROPOSAL PROVIDES A VIABLE TARGETING APPROACH, HOWEVER WE DO NOT SUPPORT THE INCLUSION OF ALL YOUTH AS ELIGIBLE FOR PROGRAM PARTICIPATION. ALTHOUGH PRIORITY WOULD BE PLACED UPON DISADVANTAGED YOUTH, THE CRITICAL NEEDS OF OUR DISADVANTAGED YOUTH ARE SO GREAT THAT THEY MUST BE SPECIFIED AS THE ELIGIBLE POPULATION WITH PERHAPS ONLY A 10 PERCENT EXEMPTION FOR HIGH RISK YOUTH WHO FACE SEVERE EMPLOYMENT BARRIERS. WITH THE LIMITED FUNDING AUTHORIZED IN ALL OF THE BILLS, WE CANNOT AFFORD THE LUXURY OF SERVING ALL YOUTH.

WE SUPPORT MR. JEFFORDS IN HIS RECOGNITION OF THE NEED TO RETAIN THE PAYMENT OF STIPENDS. THIS IS OBVIOUSLY A STATEMENT OF CONSCIENCE AND PRACTICALITY DESPITE THE EFFORTS OF MANY OF HIS COLLEAGUES TO ELIMINATE THIS PROVISION. ALTHOUGH A NEEDS-BASED APPROACH TO STIPENDS MAY BE A CONCEPT WORTH EXPLORING, OUR DISCUSSIONS WITH SEVERAL PRIME SPONSORS AND PROGRAM OPERATORS INDICATE THAT THE SYSTEM PROPOSED BY MR. JEFFORDS WOULD BE COMPLICATED AND DIFFICULT TO IMPLEMENT, AND SHOULD BE

RECONSIDERED.

OF ALL THE PROPOSALS, WE VIEW THE HAWKINS BILL AS PROVIDING THE MOST BENEFICIAL TARGETING APPROACH AND THE MOST GENEROUS SUPPORT FOR THE REAL NEED OF THE DISADVANTAGED FOR SUFFICIENT RESOURCES TO PERMIT THEIR FULL ACCESS TO PROGRAM PARTICIPATION.

MIXTURE OF PROGRAM SERVICES

TO MEET THE COMPLEX NEEDS OF PROGRAM PARTICIPANTS AND RESPOND TO THE GIVE AND TAKE OF LOCAL ECONOMIES, A VIABLE EMPLOYMENT AND TRAINING SYSTEM SHOULD PLACE AT OUR DISPOSAL THE BROADEST POSSIBLE ARRAY OF STRATEGIES AND APPROACHES. THROUGH THE CETA EXPERIENCE SUCH A RESERVOIR HAS EVOLVED. WITH THE EXCEPTION OF THE PROPOSAL TO BE OFFERED BY SENATORS QUAYLE AND HATCH, ALL OF THE BILLS WOULD PROVIDE A SUBSTANTIAL DEGREE OF PROGRAM DESIGN FLEXIBILITY, AND WOULD BUILD UPON THE EXPERTISE WHICH HAS ALREADY BEEN DEVELOPED BY STATE AND LOCAL

PROGRAM DELIVERERS.

THE DRAFT QUAYLE-HATCH PROPOSAL, HOWEVER, WOULD SEEK TO PLACE TRAINING WITHIN THE CONFINES OF PROGRAMS OPERATED BY PRIVATE SECTOR EMPLOYERS AND PRIVATE-PUBLIC VENTURES; FUNDED UNDER PERFORMANCE-BASED CONTRACTS; OR PREPARATORY FOR MILITARY SERVICE. ALTHOUGH THIS APPROACH MAY STREAMLINE TRAINING STRATEGIES AND BE APPROPRIATE FOR QUICKLY MOVING MANY PARTICIPANTS INTO UNSUBSIDIZED EMPLOYMENT, THE PARAMETERS ESTABLISHED WOULD FAIL TO REACH THAT SEGMENT OF OUR PARTICIPANT POPULATION IN NEED OF BASIC ACADEMIC OR LIFE SKILLS. OUR BUSINESSES HAVE CLEARLY INDICATED THAT THEY WANT APPLICANTS WHO ALREADY POSSESS PRE-EMPLOYMENT SKILLS. THE QUAYLE-HATCH TRAINING PROGRAM IS UNLIKELY TO PROVIDE THESE SKILLS. YET IF THESE ARE THE TYPES OF SERVICES NEEDED, SHOULD NOT A VIABLE SYSTEM AFFORD SUFFICIENT FLEXIBILITY TO PROVIDE SUCH SERVICES? NEW YORK STATE'S ANSWER IS AN EMPHATIC YES!

THUS WE VIEW THE BILL OFFERED BY REPRESENTATIVE HAWKINS AS PROVIDING THE GREATEST POSSIBLE MIX OF PROGRAM ELEMENTS, WHILE AT THE SAME TIME FOCUSING UPON THE CHANGING DEMANDS OF THE LABOR MARKET.

OF SPECIAL SIGNIFICANCE IS THE RETENTION OF SUBSIDIZED PUBLIC EMPLOYMENT WHICH WE BELIEVE IS AN APPROPRIATE TOOL, AT LEAST AS AN OPTION FOR AREAS WITH PARTICULARLY HIGH UNEMPLOYMENT, AND FOR THOSE PARTICIPANTS WHO WILL NOT BE ABSORBED BY THE PRIVATE SECTOR.

ANOTHER IMPORTANT PROGRAM ELEMENT IS THE SPECIAL EMPHASIS ON DISPLACED WORKERS FEATURED IN THE HAWKINS AND QUAYLE-KENNEDY BILLS. IN THESE TIMES OF PLANT SHUT-DOWNS AND MASSIVE LAY-OFFS OUR DISPLACED WORKERS ARE IN DESPERATE NEED OF SPECIAL ATTENTION. OUR UNIONS HAVE EXPRESSED THEIR DEEP CONCERNS ABOUT THIS ISSUE. I AM GLAD THEY HAVE BEEN HEARD BY REPRESENTATIVE HAWKINS AND SENATORS QUAYLE AND KENNEDY.

COOPERATIVE PRIVATE SECTOR INVOLVEMENT

THERE HAS BEEN MUCH DISCUSSION OF THE APPROPRIATE ROLE FOR THE PRIVATE SECTOR IN THE EMPLOYMENT AND TRAINING SYSTEM. IN NEW YORK STATE, WE HAVE REACHED OUT TO THE PRIVATE SECTOR AND HAVE RECEIVED A POSITIVE RESPONSE TO OUR OVERTURES. THIS IS WHERE THE JOBS ARE AND WE MUST CUSTOMIZE TRAINING PROGRAMS TO MEET THE NEEDS OF BUSINESS. WE HAVE DEVELOPED A MEANINGFUL PARTNERSHIP TO ENSURE THAT OUR PROGRAMS WILL PRODUCE JOB APPLICANTS WHO WILL MEET THE STANDARDS EMPLOYERS HAVE SET. WE BELIEVE SUCH A PARTNERSHIP IS THE KEY TO SUCCESS FOR EMPLOYMENT AND TRAINING PROGRAMS.

HOWEVER, MY BUSINESS FRIENDS ALL TELL ME THAT THEY DO NOT WANT THE RESPONSIBILITY NOR DO THEY HAVE SUFFICIENT TIME TO CONSIDER THE MINUTE DETAILS OF PROGRAM PLANNING AND IMPLEMENTATION. NOR DO WE BELIEVE A NEW BUREAUCRACY SHOULD BE CREATED TO TRY TO DO WHAT GOVERNMENT HAS ALREADY DEVELOPED THE EXPER-

TISE AND EFFICIENCY TO MANAGE.

THUS, A CONCURRENT PLANNING FUNCTION FOR THE PRIVATE SECTOR AND GOVERNMENT WOULD BE FAR MORE FEASIBLE AND REALISTIC. OF THE FOUR PROPOSALS, REPRESENTATIVE HAWKINS OFFERS THE SOUNDEST MIX OF BUSINESS INPUT AND ASSISTANCE BY PERMITTING A MAJORITY OF BUSINESS PERSONS ON THE PLANNING COUNCILS, WHILE ALSO ACKNOWLEDGING THE EXPERTISE AND DESIRABILITY OF AN EXISTING GOVERNMENT SYSTEM TO MANAGE AND ADMINISTER THE PROGRAMS. WITH CONCURRENT PLAN DEVELOPMENT BETWEEN PRIVATE INDUSTRY COUNCILS AND PRIME SPONSORS, TRAINING PROGRAMS WILL BE SUFFICIENTLY RESPONSIVE TO THE NEEDS AND CONCERNS OF THE BUSINESS COMMUNITY.

WE ARE DETERMINED TO SHOW OUR BUSINESSES IN NEW YORK STATE THAT GOVERNMENT CAN WORK AND WE'RE MAKING BELIEVERS OUT OF THEM. WHEN MORE THAN 4,000 OF OUR EMPLOYERS WROTE TO CONGRESS TO RESTORE OUR JOB SERVICE FUNDING, THEY WERE IN EFFECT, SAYING THAT GOVERNMENT HAS WORKED.

COOPERATIVE ORGANIZED LABOR INVOLVEMENT

ORGANIZED LABOR MUST MAINTAIN ITS PROMINENT PLACE IN THE EMPLOYMENT AND TRAINING SYSTEM. WITH THE PRIVATE SECTOR HAVING A NEW AND EXPANDED ROLE IN THE SEVERAL BILLS, IT IS IMPERATIVE THAT BALANCE BE ASSURED WITH THE SPECIFIC INCLUSION OF LABOR TO ENSURE THE PROTECTION OF WORKERS' RIGHTS.

MOREOVER, ORGANIZED LABOR HAS A ROLE IN EMPLOYMENT AND TRAINING PROGRAM PLANNING, MONITORING, ASSESSMENT AS WELL AS TRAINING DELIVERY. RECENT EXPERIENCE HAS REVEALED LABOR AN EFFECTIVE TRAINING DELIVERER. IN SHORT, LABOR MUST BE AN EMINENT PARTNER IN THE EMPLOYMENT AND TRAINING SYSTEM.

CENTRALIZED LABOR EXCHANGE MECHANISM

AN INTEGRAL PART OF THE EMPLOYMENT AND TRAINING SYSTEM IS THE STATEWIDE LABOR EXCHANGE MECHANISM KNOWN AS THE JOB SER-

VICE. THIS IS THE ARM OF THE SYSTEM WHICH SERVES BOTH CLIENTS AND EMPLOYERS BY MATCHING THE LABOR SUPPLY -- THE VAST POOL OF JOB APPLICANTS -- WITH THE DEMAND BY INDUSTRY FOR SPECIFIC TYPES OF LABOR.

THERE ARE SIGNIFICANT ADVANTAGES THAT THE CURRENT STATE JOB SERVICE STRUCTURE OFFERS WHICH MAKE IT ESSENTIAL TO A VIABLE EMPLOYMENT AND TRAINING SYSTEM.

- THE ABILITY TO ACCESS JOBS THROUGH INTER- AND INTRA-STATE JOB LISTINGS WHICH REFLECT THE CHANGING LABOR MARKET;

- MAINTENANCE OF QUALITY CONTROL AND EFFICIENCY FOR ECONOMIC COORDINATION AND LABOR EXCHANGE;

- RESOUNDING SUPPORT BY THE BUSINESS COMMUNITY AFFIRMING THE VALUE OF THE JOB SERVICE TO THE PRIVATE SECTOR.

THE OPERATION OF LABOR EXCHANGE ACTIVITIES IS RIGHTFULLY A STATE FUNCTION.

AMONG THE LEGISLATIVE PROPOSALS, THE QUAYLE-KENNEDY AND JEFFORDS BILLS WOULD SEEK TO DISMANTLE THE EXISTING STRUCTURE AND PLACE THE LABOR EXCHANGE FUNCTION AT THE LOCAL OR LABOR MARKET LEVEL. SUCH A STRATEGY WOULD FRAGMENT THE CENTRALIZED, COMPUTERIZED, INTRA AND INTERSTATE MATCHING CAPABILITIES OF THE STATE JOB SERVICE.

NEW YORK STATE CATEGORICALLY OPPOSES THE DISMANTLEMENT OF THE JOB SERVICE AND ITS REPLACEMENT BY A LOCAL OR LABOR MARKET AREA EMPLOYMENT SERVICE. SUCH AN APPROACH WOULD BE EXTRAVAGANT AND COST-INEFFECTIVE.

FOR THIS REASON, WE SUPPORT MR. HAWKINS' APPROACH WHICH MAKES IT CLEAR THAT THE RESPONSBILITY FOR THE LABOR EXCHANGE FUNCTION SHOULD REMAIN WITH THE STATE. FURTHER, WE STRONGLY

AGREE WITH THE HAWKINS NEEDS-BASED FORMULA TAILORED TO UNEMPLOYMENT LEVELS.

APPROPRIATE STATE AND LOCAL RESPONSIBILITIES FOR COORDINATION AND COOPERATION

I NOW WISH TO FOCUS OUR DISCUSSION ON WHAT WE IN NEW YORK STATE VIEW AS THE SINGLE FACTOR WHICH CAN DETERMINE WHETHER THE EMPLOYMENT AND TRAINING SYSTEM PERPETUATES THE FLAWS OF THE PAST OR WHETHER IT MOVES FORWARD TO MEET ITS NEW CHALLENGES. THAT FACTOR IS WHETHER AN APPROPRIATE STATE AND LOCAL PARTNERSHIP CAN BE DEVISED TO MAXIMIZE PROGRAM EFFECTIVENESS.

THE QUESTION OF GOVERNMENTAL ROLES AND RESPONSIBILITIES IN THE EMPLOYMENT AND TRAINING SYSTEM HAS BECOME RATHER CONTROVERSIAL. WE TAKE THE POSITION THAT THERE MUST BE A BALANCED RELATIONSHIP WHICH MEETS LOCAL NEEDS AND AT THE SAME TIME PROVIDES FOR COORDINATION WITH OTHER ECONOMIC DEVELOPMENT

ACTIVITIES WHICH EXTEND BEYOND THE BOUNDARIES OF LOCAL JURISDICTIONS.

GREATER COORDINATION IS ALSO NECESSARY BETWEEN LOCAL JURISDICTIONS FOR A MORE EFFECTIVE RESPONSE TO THE BROADER TRAINING AND LABOR EXCHANGE POTENTIAL OF THE LABOR MARKET. THE ISSUE OF CONTROL SHOULD NOT BE THE MAJOR INTEREST. RATHER, THE DEVELOPMENT OF THE MOST EFFECTIVE AND EFFICIENT MECHANISM FOR SERVING OUR CLIENTS MUST BE OUR PRIMARY MOTIVATION.

ALTHOUGH THE QUAYLE-KENNEDY, QUAYLE-HATCH, AND JEFFORDS PROPOSALS WOULD PROMOTE OPTIMAL UTILIZATION OF PROPOSED LABOR MARKET RESOURCES, THESE MEASURES WOULD DISRUPT THE SYSTEM WHICH NOW EXISTS BY ELIMINATING LOCAL PRIME SPONSORS IN FAVOR OF LARGER GEOGRAPHIC AREAS TO BE DESIGNATED AT THE STATE LEVEL. THIS WOULD CREATE AN ATMOSPHERE OF CONFLICT RATHER THAN COOPERATION BETWEEN STATE AND LOCAL GOVERNMENTS. WE VIEW THIS AS NEITHER NECESSARY NOR DESIRABLE.

WE BELIEVE THAT PRIME SPONSORS ARE BEST SUITED FOR SERVICE DELIVERY. THE DISRUPTIVE EFFECTS OF DISMANTLING THE PRIME SPONSOR SYSTEM OUTWEIGH THE BENEFITS. THUS THE APPROACH PROPOSED IN EITHER OF THESE BILLS WOULD BE UNACCEPTABLE.

THE BILL OFFERED BY MR. HAWKINS RECOGNIZES THE IMPORTANCE OF PLANNING ACROSS LOCAL JURISDICTIONS AND PROPOSES INCENTIVES TO ENCOURAGE JOINT PLANNING. DESPITE THESE INCENTIVES, WE STRONGLY BELIEVE THAT MANY PRIME SPONSORS WILL CONTINUE TO PLAN LOCALLY. THUS, THESE INCENTIVES LEAVE TOO MUCH TO CHANCE AND DO NOT HOLD SUFFICIENT PROMISE FOR BRINGING ABOUT THE COORDINATION THAT MR. HAWKINS RECOGNIZES AS IMPORTANT.

TO BRING ABOUT EFFECTIVE COOPERATION AND COORDINATION BETWEEN STATE AND LOCAL GOVERNMENT IN THE PLANNING AND DELIVERY OF EMPLOYMENT AND TRAINING SERVICES, STATES MUST BE INCLUDED AS ACTIVE PARTNERS WITH VAST CAPABILITIES AND RESOURCES WHICH MUST BE TAPPED. THE STATE ROLE SHOULD INCLUDE:

PLANNING . . .	ESTABLISHING BROAD PARAMETERS BASED UPON STATE INITIATIVES FOR ECONOMIC DEVELOPMENT AND JOB CREATION; AND TRANSLATING LABOR MARKET INFORMATION INTO A USEFUL FRAMEWORK WITH WHICH LOCAL SERVICE DELIVERERS CAN MESH THEIR PROGRAMS FOR IMPROVED CLIENT SERVICES.
OPERATING . . .	PERFORMING LABOR EXCHANGE FUNCTIONS THROUGH A HIGHLY EFFICIENT INTERSTATE AND INTRA-STATE NETWORK.
RESEARCH AND DEMONSTRATION . . .	TESTING INNOVATIVE PROGRAM STRATEGIES TO SERVE HIGH RISK

POPULATIONS, FOR ADOPTION BY LOCAL SERVICE DELIVERERS.

IN THIS MANNER STATES CAN BE A PIVOTAL FORCE IN A COOPERATIVE EMPLOYMENT AND TRAINING SYSTEM. NEW YORK STATE HAS CONCEPTUALIZED A FRAMEWORK WHICH WOULD MAKE THIS GOAL A REALITY. WE BELIEVE OUR PROPOSAL WILL BE OF GREAT USE TO THE SUBCOMMITTEE IN ITS EFFORTS TO FORGE A VIABLE EMPLOYMENT AND TRAINING SYSTEM.

NEW YORK STATE'S RECOMMENDATION FOR A COORDINATED EMPLOYMENT AND TRAINING PARTNERSHIP

THERE IS CURRENTLY A NETWORK IN PLACE FOR THE PROVISION OF BOTH LABOR EXCHANGE AND TRAINING SERVICES. WHILE WE RECOGNIZE THAT THIS SYSTEM IS NOT PERFECT AND THAT WE SHOULD NOW EXPAND ITS GOALS, SOME OF THE LEGISLATION PROPOSED WOULD VIRTUALLY TEAR DOWN THIS STRUCTURE AND BUILD A WHOLE NEW ONE. THIS DISMANTLING WOULD NOT ONLY DESTROY ANY CONTINUITY IN THE DELIVERY

MECHANISM ITSELF, BUT WOULD NEGATIVELY AFFECT OTHER SUCH RELATED SYSTEMS AS SOCIAL SERVICES, AND EDUCATION, AND UNEMPLOYMENT INSURANCE.

WE SUPPORT MAINTAINING SERVICE DELIVERY BY THE PRIME SPONSORS. HOWEVER, ONE OF THE LESSONS WE HAVE LEARNED FROM THE PAST IS THAT PLANNING AT SUCH A LEVEL CAN TOO OFTEN WORK TO THE DETRIMENT OF NOT ONLY THE INDIVIDUALS BEING SERVED, OUR PRINCIPAL CONCERN, BUT ALSO TO THE ECONOMIC COMMUNITY AT LARGE. IT SIMPLY DOES NOT TAKE INTO ACCOUNT THE REALITIES OF LABOR MOBILITY; COMMUTATION PATTERNS; INDUSTRY CONCENTRATION AND DISTRIBUTION; POPULATION CONCENTRATION AND DISTRIBUTION; OR URBAN - SUBURBAN GROWTH TRENDS. NOR DOES LOCALIZED PLANNING RECOGNIZE THE NEEDS OF EMPLOYERS TO DRAW FROM MORE THAN THE LIMITED GEOGRAPHIC BOUNDARIES OF THE PRIMARY POLITICAL UNIT.

WE ALL RECOGNIZE THAT ECONOMIC DEVELOPMENT AND JOB TRAINING ACTIVITIES ARE INSEPARABLE. A TRAINED LABOR FORCE IS

CRITICALLY IMPORTANT TO THE BUSINESS COMMUNITY AND THEREFORE VITAL TO THE ECONOMY OF THE STATE AND THUS THE NATION. AS WE VIEW IT, THEREFORE, THE SYSTEM FOR DELIVERY OF EMPLOYMENT AND TRAINING ACTIVITIES MUST CONSIDER AN ENTIRE NATURAL LABOR MARKET AREA IN PLANNING FOR THE ECONOMICALLY-DISADVANTAGED POPULATION. TO DO OTHERWISE WOULD BE UNREALISTIC, COSTLY, AND INEFFICIENT.

IF WE WERE TO LOOK AT THE NATURAL LABOR MARKET AREA FOR THE CAPITAL DISTRICT OF NEW YORK, WE WOULD SEE THAT IT IS COMPRISED OF NINE COUNTIES FOCUSED AROUND SEVERAL HUBS OF THE CITIES OF ALBANY, SCHENECTADY, AND TROY. HOWEVER, IT REPRESENTS A SINGLE NATURAL LABOR MARKET AREA IN THAT PEOPLE CROSS IN, OUT, AND AROUND THE AREA TO SEEK EMPLOYMENT. AND YET, TODAY'S STRUCTURE HAS, AS IS SHOWN HERE, (PLACE OVERLAY ON CHARTS) SEVEN DIFFERENT PLANNING ENTITIES, WORKING WITH THEIR OWN DATA BASE AND ATTEMPTING TO REFLECT THE NEEDS OF EACH OF THE LOCALITIES INDICATED ON THIS CHART.

IT IS OUR VIEW THAT THESE NEEDS, THOSE OF THE INDIVIDUAL LOCALITIES, SHOULD NOT BE IGNORED, BUT THAT THERE SHOULD BE A STRUCTURE WHICH PERMITS BOTH UNIQUE COMMUNITY NEED AND THE BROADER NEEDS OF THE REGION TO BE ADDRESSED.

THIS PLANNING FUNCTION, WE SEE AS A ROLE FOR WHAT CONGRESSMAN HAWKINS' BILL CONCEIVES AS A LOCAL OR SUBSTATE PRIVATE INDUSTRY COUNCIL. WE, HOWEVER, ENVISION THIS COUNCIL EXPANDED TO REPRESENT THE ENTIRE NATURAL LABOR MARKET AREA THAT WE HAVE DEFINED. SUCH A COUNCIL WOULD, WORKING WITH EACH OF THE LOCAL PRIME SPONSORS, DEVELOP A PROGRAM PLAN THAT REFLECTS BOTH THE LOCAL NEEDS AND THE REALITIES OF THE AREA AS A LABOR MARKET ENTITY.

THE COUNCIL MEMBERS WOULD BE SELECTED FROM NOMINATIONS REFLECTIVE OF THE LOCAL POPULATION AND CONCERNS, INCLUDING PRIVATE BUSINESS, LABOR, LOCAL GOVERNMENT, MINORITIES, COMMUNITY-BASED ORGANIZATIONS, AND OTHER AFFECTED PARTIES COMPRISING THE REGION. RECOGNIZING THAT IN MOST CASES THE AREA WILL CUT ACROSS POLITICAL

JURISDICTIONS, THE GOVERNOR WOULD BE THE FINAL APPOINTING AUTHORITY FOR COUNCIL MEMBERSHIP AND WOULD HAVE RESPONSIBILITY TO ENSURE AN APPROPRIATE MIX. ADDITIONALLY, AS ALREADY PROPOSED WE SUPPORT PRIVATE INDUSTRY REPRESENTING A MAJORITY OF THE COUNCIL'S MEMBERSHIP.

THE GOVERNOR WOULD ASSURE EQUIVALENT REPRESENTATION FOR THE DIFFERENT POLITICAL SUBDIVISIONS WITHIN THE AREA. WITH JUST THIS MUCH, THE SYSTEM WOULD BE SIGNIFICANTLY IMPROVED.

WE RECOMMEND A FURTHER STEP AS WELL, WHICH ACKNOWLEDGES THAT FOR PURPOSES OF ECONOMIC DEVELOPMENT AND JOB CREATION INITIATIVES, STATEWIDE PLANNING IS NEEDED TO FOCUS LOCAL EFFORTS. THEREFORE, WE PROPOSE THAT A STATE COUNCIL BE DEVELOPED COMPRISED OF COMMISSIONERS OF VARIOUS STATE AGENCIES CONCERNED WITH EMPLOYMENT AND TRAINING ACTIVITIES; AS WELL AS REPRESENTATIVES OF REGIONAL LABOR MARKET AREA COUNCILS, BUSINESS; LABOR; AND COMMUNITY COLLEGES.

THIS COUNCIL WOULD INTERACT WITH REGIONAL COUNCILS TO PROVIDE

THROUGH A STATE PLAN FOR EMPLOYMENT AND TRAINING, BROAD PARAMETERS BASED ON STATE JOB CREATION INITIATIVES, LABOR SUPPLY AND DEMAND, AND THE STATE'S ECONOMIC DEVELOPMENT ACTIVITIES. WITHIN THESE PARAMETERS, THE LOCAL AND REGIONAL PLANNING STRUCTURES CAN MOST EFFECTIVELY AID THEIR CLIENTELE.

THE GOVERNOR SHOULD BE GIVEN THE AUTHORITY TO APPROVE SUBSTATE PLANS ONLY WHEN CONSISTENT WITH THIS BROAD STATE PLAN. THE RESULT OF THIS STRUCTURE WOULD BE THE KIND OF COORDINATION WHICH PERMITS BROAD STATE OBJECTIVES TO BE MESHED WITH REGIONAL CONCERNS AND LOCAL NEEDS. IT WOULD HAVE APPROPRIATE ROLES FOR THE STATE GOVERNMENT, LOCAL GOVERNMENT AND THE PRIVATE SECTOR, AND ESTABLISH A RATIONAL SYSTEM FOR PLANNING EMPLOYMENT AND TRAINING SERVICES, SUPPORTED BY A DELIVERY MECHANISM PROVIDING TRAINING ON A LOCAL LEVEL, AND LABOR EXCHANGE SERVICES ON A STATEWIDE LEVEL SO THAT JOB DATA AND SEARCH CAPABILITY CAN BE UTILIZED ON BEHALF OF CLIENTELE, ON BOTH A STATEWIDE AND NATIONAL LEVEL.

IT IS THESE LESSONS OF COORDINATION, OF PLANNING, OF THE NEED TO INTEGRATE ECONOMIC DEVELOPMENT AND JOB CREATION INCENTIVES, THAT WE HAVE LEARNED FROM OUR EXPERIENCE IN THESE PROGRAMS. THROUGH OUR RECOMMENDATIONS, WE CAN TAKE WHAT WE HAVE AND BUILD A BETTER MORE EFFICIENT SYSTEM. ONE WITH ALL INTERESTS PARTICIPATING AND NO ONE ENTITY HAVING SUCH A CONTROLLING ROLE AS TO THROW OUT OF FOCUS THE PARTICIPATION OF OTHER GROUPS IN THAT SYSTEM.

I THANK YOU.

NEW YORK STATE
DEPARTMENT OF LABOR

POSITION ON LEGISLATION
SUMMARY AND ADDENDA

As detailed in the testimony this agency supports in Representative Hawkins bill (H.R. 5320) the appropriation level; the mix of services authorized,the eligibility criteria; the prime sponsor delivery system; and the Wagner-Peyser amendments proposed.

We recommend a change in the structure of the Private Industry Council to have it represent for joint planning with Prime Sponsors, a natural labor market area similar to that proposed in Representative Jeffords bill (H.R. 5461).

We recommend a revision of The Governors role to: designate the natural labor market areas (regions); appoint (from local nominations) PIC membership; provide a State Plan for Employment and Training; approve local plans as consistent with the broad State plan.

Details on these proposals are included in the attachments entitled:

- Regionalization: The Rationale
- Considerations and Criteria in Defining Regions/Natural Labor Market Areas
- Proposed Substate Council Structures
- Proposed State Council Structure

REGIONALIZATION: THE RATIONALE

In support of regionalization for the design of employment and training programs, which are essential to overall economic development:

Nearly every state or nation can be segmented into component areas which are possessed of unique characteristics - whether they be demographic, social, economic, political, cultural, or geographic. These areas impart an identification to their inhabitants - a regional identity where the aforementioned characteristics, singly or in combination, contribute to that area's distinct qualities.

As a major concern is the overall integration of employment and training planning with the economic needs of New York State, we must give serious attention to the peculiar needs of different sections of the state to make that integration meaningful and rational. We must take into account the industrial and occupational mix in one area as compared with others, as well as the population mix. We must take into account where people work in relation to where they live, and the concentration of the population. We must plan on the basis of regions, which incorporate these important considerations and which allows the delivery of employment and training in a total package designed for particular areas.

The sum of these regional packages will form the best overall package for the state. It will reduce the present fragmentation of planning among many small units which often do not take into consideration the larger needs of the geographic region. It will effect savings in the costs of administration and planning by brining together, under one roof these functions -freeing up dollars for direct, people-serving projects. At the same time, it will allow representation of various groups within each region and of each county within each region. It will bring together people who share a regional identity and who are familiar with the industrial and social qualities of their regions.

CONSIDERATIONS AND CRITERIA IN DEFINING REGIONS/NATURAL LABOR MARKET AREAS

Considerations:

Regions must represent a common geographic framework for the planning, coordination and administration of federal, state and local services in the State. Such regions provide a base for identifying common problems, goals and opportunities, for integrating state and local development and goals.

Criteria:

Essential to the regional demarcations are those considerations which delineate a natural labor market area:

- Industry concentration and distribution
- Population concentration and distribution
- Commutation to work
- Transportation corridors
- The natural landscape
- Urban-suburban growth trends.

Additional considerations are that:

- Counties be the base building blocks
- Standard Metropolitan Statistical Areas not be disturbed
- Social identification, or regional identity be considered
- Prior employment and training ties be considered
- Availability of economic, labor market and social data exist
- Potential for coordination with other federal and state funded services be maximized.

PROPOSED SUBSTATE COUNCIL STRUCTURE

It is recognized in the proposed legislation that the new program must involve the private sector in an integral decision-making, rather than solely advisory capacity. We support this premise with due emphasis on the overall program focus remaining "service to those in need" with positive economic impact (e.g., larger tax base, lowered unemployment, reduced crime rate, reduced welfare rolls, greater availability of skilled workers, reduced employer costs for training) resulting from the aforementioned service being rendered.

We support the structural design of a council, analogus to the current PIC, with each council representing a natural labor market area comprising the designed region. These regions would be structured with area boundaries relative to local labor service delivery parameters, and could be revised at the Governor's discretion in order to promote efficiency and avoid duplication.

Nominations[1] to these councils would be forwarded to the Governor for final designation to this body. The composition would, therefore, be determined by the Governor, who would have responsibility for the composition to be adequately and appropriately representative of the local population and concerns (e.g., unions, minorities, local government, LEA's, CBO's, etc.), in addition to those of private industry (representing not less than a majority of the council's membership). Requirements for the structuring of these PIC's were previously expressed in the governing Federal Rules and Regulations. We recommend that Federal legislation address this.

These regional councils would interface with the State Employment and Training Council representing the Governor for State input regarding economic development objectives; supply and demand data and projects and statewide initiatives. They would share joint responsibility and authority with the prime sponsor for preparation of local plans and thus incorporate both state and regional concerns into this process.

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[1] Nominees would be solicited by the State from among the localities affected parties (local government, Chambers of Commerce, NABS, unions, LEAs, CBOs, etc.) on an equitably-proportionate basis.

PROPOSED STATE COUNCIL STRUCTURE

As a part of a coordinated planning structure, we support the establishment of a statewide council for employment and training.

This council would have the responsibility to ensure comprehensive statewide planning, and would interface with substate planning councils for input reflective of their particular and unique concerns.

We propose that such a council, comprised of the Commissioners of various state agencies, concerned with employment and training activities, for example, Commerce, Education, Social Services, and Correctional Services, as well as representatives of substate labor market area councils, the business community at large, labor and other concerned parties be appointed by the Governor.

This broadly representative membership structure would allow for the input necessary to ensure realistic planning for delivery of services to the entire state's population.

We further propose that the Council be placed under the direction of the Industrial Commissioner, on behalf of the Governor.

pic PRIVATE INDUSTRY COUNCIL
GENESEE • LAPEER • SHIAWASSEE • FLINT

John R. Wilson
[illegible]
Dean Ainsworth
Ruth L. Baker
Laurette Bradley
John C. Carlson
Alfred L. Cook
Brenda D. Curry
Robert Daily
David J. Doherty
Lewis E. Driskell
Lawrence P. Ford
Kirk Geister
Charles A. Greene
George Y. Hargreaves
Barbara E. Holder
Dave Johnson
Richard G. Loomis
Charles P. Meyer
Kathryn A. Moeller
Dean E. Nelson
Roosevelt Ridgway
Enrique Rodriguez
Steve Stratton
Martin Swindle
Ronald O. Warner
Fred Westendorf
Denise Zimmerman

Kay Kelley Cole
[illegible]

March 16, 1982

Senator Dan Quayle
254 Senate Office Building
Washington, D.C. 20510

Dear Senator Quayle:

As chairman of the Genesee-Lapeer-Shiawassee-Flint Private Industry Council I wish to inform you of the concensus position of our Council concerning proposed legislation regarding continuing support of job development programs in fiscal year 1983 and beyond.

Prior to the introduction of the Quayle/Kennedy; Hawkins/Jeffers Bills and the administrations proposal the Council responded to a request from the National Alliance of Business on this subject. A copy of the correspondence is enclosed.

We believe the private sector (Title VII) approach to training and job development, as originally conceived, was a vast improvement over previous CETA titles. Like most initial efforts there are ways in which refinement can be incorporated to improve the efficient and effectiveness of those public expenditures.

Because the National Alliance of Business jobs programs was so strongly supported by business and

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Sponsored by Genesee — Lapeer — Shiawassee — Flint
Employment and Training Consortium, an Equal Employment and Training Opportunity Organization

industry it proved to be an effective and fiscally efficient program. The closer your bills can replicate the National Alliance of Business program the more acceptance it will receive from small business leaders. That is where the jobs will be and their cooperation is essential.

Our Council believes the block grant to states approach is an improvement that will permit greater flexibility and more specific local community planning. Another improvement if included in the regulations would be the requirement that the Private Industry Council be the financially responsible body (Prime Sponsor), the directors would include elected officials. The present regulations of Title VII are too cumbersome and due to the several levels of approval for each step of the program the actual program is for a nine or less month period rather than a full year.

Because of the National Alliance of Business experience of some PIC members they believe the new employment and training Bill should include funds for summer youth employment and "Jobs Corp" programs. Summer employment is of particular importance due to the proposed reduction of tuition support for college bound youth. "Job Corp" picks up youth who otherwise would not have a chance.

The present Title VII program has many uncertainties with respect to available funds. In order to conduct a comprehensive program of training, firm commitments of funds must be known in time to plan for and meet the training needs that will match training with available employment opportunities. The fund allocations should be known 90 days prior to the fiscal year begins.

Regulations should require cooperation with and by other public agencies such as employment security etc., and thus avoid duplication of data collection, record keeping, etc.

Because we are unable to give direct testimony on your Bill we would appreciate having our statement entered in the Congressional records.

The concensus of the committee is that if we were to choose from among the three (3) Bills presently under consideration our choice would be the Quayle/Kennedy Bill with modifications as described.

Very truly yours,

John R. Wilson

John R. Wilson, Chairman
Private Industry Council

JRW/bar

cc: Senator Carl Levin
Senator Don Reigle
Representative Dale Kildee

INTERNATIONAL ASSOCIATION
OF
PERSONNEL IN EMPLOYMENT SECURITY

March 22, 1982

RECEIVED
MAR 24 '82
AUGUSTUS F. HAWKINS, M.C.

RECEIVED
MAR 25 1981
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The Honorable Augustus F. Hawkins
2371 Rayburn House Office Building
Washington, DC, 20515

Dear Congressman Hawkins,

Enclosed please find the written testimony for the Hearing Record for the Senate Subcommittee on Employment and Productivity and the House of Representatives Subcommittee on Employment Opportunities on Bills S. 2036, S. 2037, HR. 5320 and HR. 5461. It was prepared by the International Association of Personnel in Employment Security and is being provided for your review prior to the publishing of the Hearing Record.

Thank you. Please advice if you have additional questions or comments.

Sincerely,

Michael R. Stone

Michael R. Stone
Executive Director

MRS:pjp

Enclosure

1981 - Pride in Achievement - 1982

WRITTEN TESTIMONY FOR THE HEARING RECORD FOR
SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
BILLS S2036, S2037 and HR5320, HR5461

The International Association of Personnel in Employment Security (IAPES) is presenting testimony to this Joint Committee because the Association represents 30,000 members, including 26,000 who work in the Employment and Training Systems throughout the country, providing services to the unemployed. Our members match job applicants and jobs, counsel handicapped individuals and youth, pay unemployment insurance claimants, provide priority services to veterans, collect UI taxes from employers, develop labor market information, etc. All of these tasks are outline in the legislation under consideration by the Subcommittee. The Association feels qualified to comment for the following reasons:

- IAPES members have many years of experience in employment and training programs, especially during the last 20 years working in MDTA and CETA programs nationwide, and in providing the labor exchange services since 1933.
- IAPES members have continuity of interaction with all employment and training service deliverers over the last 20 years.
- IAPES members have demonstrated an interest in wanting to provide efficient services to the unemployed by belonging to an Association dedicated to the improvement of the quality of work of its membership and the Employment Security System.

This Association generally supports the Bill introduced by Representative Hawkins -- HR5320. The Association support is based on the Bill allowing the existing Employment Security System to maintain the ties between Unemployment Insurance and Job Service. The Bill frees the Job Service to perform its most fundamental tasks -- job placement, counseling and Unemployment Insurance work test. By removing many of non-labor exchange compliance functions, the Bill leaves the labor exchange function in control of the State Employment Security Agencies and does not remove the existing Wagner-Peyser mandated Employment Service Council. Also, the Bill calls for a continuation of WIN and does not threaten the Merit System.

This Association is testifying against the enactment of the Bills introduced by Senators Quayle and Kennedy -- S2036 and S2037 -- and Congressman Jeffords -- HR5461 -- especially the sections on amendments to the Wagner-Peyser Act. The basic premise of our testimony is the the "no fee" labor exchange system in our country should be a Federal/State partnership with the administration and control of the system at the state level and not at a sub-state level as described in the two Bills under consideration. The basic concepts of labor exchange services, in a free enterprise system, depend on an integrated nationwide plan, rather than a fragmented, locally-oriented system. In our mobile society, where workers' employment needs cross political boundaries and businesses operate on a multiple-state level, they have a right to expect and receive, the same quality of services in one state or community as in another. The free labor exchange system is best operated at the state level for the following reasons:

1) Applicants are provided access to job openings statewide which transcend labor areas and political jurisdictions. Through an interstate job order clearance system, the state administered local Employment Security offices transmit current job openings on a daily basis and have developed an intra-office referral and placement system.

2) A national network of labor exchange offices, administered at the state level, enable the Federal Government to meet national emergencies and employment needs during disasters.

During World War II the National Employment Security System was federalized into the War Manpower Commission to secure a civilian work force for the war effort.

3) A state-administered labor exchange system is better able to complement and interact with a state-administered Unemployment Insurance System by providing the "work test" to claimants, providing job information and providing other supportive services to claimants. The Social Security Act of 1935 established that the Employment Service act as the point of determination of eligibility for Unemployment Insurance benefits by carrying out a "work test" procedure. For these many years the two systems have serviced the same local geographical areas; many field offices are co-located, and with the intra-state job order clearance system, statewide employment information is readily available for unemployed individuals.

4) The current state-administered system has a proven record of success with more than 4 million individuals being placed in more than 5.6 million jobs during Fiscal Year 1981. In addition, 20.7 million applicants were served with 1.2 million being counseled and job placements found for 1.9 million youth, 843,161 veterans, and 2.3 million women.

5) A state-administered labor exchange system minimizes the duplication of effort in the area of employer relations activities. American businessmen operate their businesses under the adage "time is money." The constant repetitive contacts promoting similar services by a variety of labor

exchange systems causes an antagonistic attitude toward public labor exchange delivered by the public sector.

6) After approximately five decades of operation, the current state-administered labor exchange has developed expertise in serving the unemployed of this country. During its nearly 50-year history, the Employment Security System, both on a national level and on a state level, has undergone considerable adjustments of goals and objectives varying with both the overall mood of the nation as well as the policy priorities of the changing Federal Administrations. The Employment Security System's labor market intermediary function has always been primary, but has seen its focus change from Depression re-employment efforts to harnessing labor for our war industries, to peace-time transitioning of veterans, to emphasis upon the disadvantaged, to the current re-emphasis upon a pure labor market intermediary function for the job-ready applicant.

7) A state-operated system is free from the influences of constantly changing Employer/Chief Elected Official or Advisory Councils/Special Interest Groups. It offers continuity of services to the employer and applicant communities. The Wagner-Peyser Act, with its Amendments has guaranteed the maintenance of a fully-trained staff through the provision of a Merit System. Under current provisions, the Federal/State System is governed by uniform national administrative requirements providing standards for professionally competent staff, sound fiscal controls,

and the freedom from political changes in terms of mass turnover of personnel. This type of system insures consistent, effective service throughout the country and access by employers and workers to the best professionals in the employment field.

8) A state-administered system facilitates employment test development and occupational analysis research of industrywide occupations on statewide and nationwide levels. In the continuing research being conducted on a national level to revalidate specific aptitude test batteries and the development of new aptitude test batteries for industrywide occupations, a state administered labor exchange system is needed to function as a central information resource and coordinator of test research projects for various divisions of large multi-state employers or large multi-location employers within a state. In the area of occupational analysis, a state-administered labor system functions in a similar manner.

While the stated purpose of this paper is to direct our comments to the proposed amendments to the Wagner-Peyser Act, there are a number of areas in proposed legislation on which we wish to comment.

The International Association of Personnel in Employment Security opposes S2037. It is a duplication of service in a time when government efforts are aimed at eliminating duplicative programs. The proposed legislation would fund a new veterans employment service system at $100 million. Currently the Employment Service staff dedicated to veterans services is funded at more than $100 million. Administrative and overhead costs are in addition to the funding for staff. In short, the current system provides more veteran services than could be possible under S2037.

The International Association of Personnel in Employment Security believes that the Labor Market Information Program should continue to be administered and operated at the state level in partnership with the Federal Government. The validity of labor market information is dependent upon the consistency of information gathering and analysis techniques which are more properly performed on a state level. Economics are realized on a state level in terms of contacting multi-company employers, and statistical adjustments to the data need to be consistent across overlapping political jurisdictions or some other sub-state level.

Key to the efficient and effective operation of any training system is involvement of the private sector. The use of private sector dominated advisory councils to plan and develop training programs would, theoretically, provide for a more responsive program to the needs of employers and workers. The building of a well-trained work force to meet the needs of the economy is properly placed as a major responsibility of the private sector; however, government involvement is needed to develop, institute and coordinate a national training policy. The Governement functions as training program evaluators and provides financial support for the training programs.

A second point raised in the proposed legislation is the need for two year program planning cycles. Currently, with the one year planning cycles it is almost impossible to effectively plan and manage any employment and training system. Having a two year cycle would ameliorate many of the current problems.

In summary, the International Association of Personnel in Employment Security believes that a state level administered and operated labor exchange system, (including a Labor Market Information Program) rather than the proposed sub-state operation, is vital to the economic stability of our nation. The current Federal/State Partnership System has served this country well for almost 50 years. The System has adapted its components to meet changing national needs, but the basic structure has remained intact. With the advent of private sector councils on a sub-state planning area, the State Job Service could negotiate non-financial agreements to provide labor exchange services in specific geographic areas. However, with the Labor Exchange System being a State System, job openings from a much wider geographic area would be available to applicants in the specific sub-state planning area.

Attached is a position paper that fully develops the Association's view of the Employment Security System.

THE FUTURE OF THE EMPLOYMENT SECURITY SYSTEM
A POSITION PAPER OF
THE INTERNATIONAL ASSOCIATION OF PERSONNEL IN EMPLOYMENT SECURITY

THE CONSTITUTIONALLY MANDATED promotion of the general welfare makes it incumbent upon the Federal Government to protect the economic stability of the nation. The anchor of economic stability is a strong workforce. A Federal-State Employment Security System can provide a national means of establishing employment goals and a state ability to design programs to meet its needs. The federal administration of the Employment Security System allows for continuity of service; certification of state plans for implementation of national policy by the establishment of local Job Service and Unemployment Insurance offices; review and analysis of programs by both Federal and State partners; comparability and standardization of activities and the establishment of Merit Personnel Systems to ensure quality, professional, dedicated, career employees who can administer the laws without prejudice. The state implementation of the Employment Security System can permit each state to tailor the Manpower Programs to meet its workforce requirements and economic situation.

THE INTERNATIONAL ASSOCIATION of Personnel in Employment Security, with 27,000 United States members is the only professional association of employees in nonprofit employment and training programs, supports the Federal-State partnership for the administration of the National Employment Security System. For almost five decades the system has served the nation well. The system has adapted as its components have changed to meet national needs, but the basic structure has remained intact. The integrity of the system has remained through the application of merit personnel standards that created career and professionally trained staff. That staff provides continuous, courteous, timely service to the taxpayers of the United States.

THE UNITED STATES EMPLOYMENT SECURITY SYSTEM has met the employment needs established by public policy -- in war mobilization during World War II; in meeting local, state and national emergency and disaster recovery efforts; and in answering local state and national employment needs. The following figures are testimony to the continued effective performance of the Employment Security System. The Department of Labor reported 9.8 million claimants served by unemployment insurance in Fiscal Year 1980. During the year, regular benefits paid amounted to $12.950 billion. All regular benefits, administrative costs of the unemployment insurance program and 97 percent of Job Service administrative costs are financed by the Federal Unemployment Tax Act. The FUTA tax is collected from private employers for both worker security in the form of Unemployment Insurance and employer services through the work of the Job Service.

A RECENT SURVEY by the Stanford Research Center indicates the duration of unemployment is shortened five to seven days by the efforts of the Job Service. The resultant savings in Unemployment Insurance payments can subsidize much of the Job Service function. The Department of Labor claims almost four million placements by the Job Service in Fiscal Year 1980. The International Association of Personnel in Employment Security Job Service Production Report showed 3,695,330 placements in Fiscal Year 1980. If it is assumed that each placement results in a job paying minimum wage for only 30 hours a week, the resultant impact on the economy is more than $19 billion, which is more than the cost of the Unemployment Insurance, Job Service and Labor Market Information program benefits and administrative costs combined. Further, the figures do not reflect the savings in transfer payments or Unemployment Insurance benefits that result from the recipients being forced to register with the Job Service before payments can begin. In the Work Incentive Program alone, which was administered by the Job Service in Fiscal Year 1980, the Department of Labor reported 284,000 people served at a cost of $365 million. The saving in Aid to Families with Dependent Children payments was $632.4 million, in the Food Stamp Program it was $131 million and the Medicaid Program it was $203 million.

THE EMPLOYMENT SECURITY SYSTEM DOESN'T COST -- it pays. It adds wage earners to the Gross National Product. It adds to the economy by creating wage earners from welfare recipients. It lowers the cost of Unemployment Insurance benefits. It saves employer costs by providing a screened labor force from which to hire, both locally and nationally. It provides information for developing national and local Manpower Programs. In the last fifteen years, while the labor force has grown more than 40 percent, there have been no staff increases. Job Service is involved in the administration of 25 laws, 17 executive orders and 16 agreements with other Federal Agencies.

LIKE THE UNITED STATES CONSTITUTION, the Wagner-Peyser Act of 1933 has proven to be flexible, timeless law. Under its provisions, the Federal-State partnership has succeeded in serving the country, the employers who pay for its services and the general public. It provides a framework for national employment policy, while at the same time it gives states and their political subdivisions the opportunity to design employment programs to meet specific needs. Federal legislation since 1933 has emphasized the nation's desire for full employment and income maintenance for the citizens of the United States. The Federal-State Employment Security System meets those goals.

RECOGNIZING THAT CHANGE WILL OCCUR, AND THAT ADAPTIONS WILL BE REQUIRED AS IN THE PAST, THE SYSTEM CAN MEET THE FUTURE NEEDS IN THE FOLLOWING WAYS:

THE JOB SERVICE CAN PROVIDE both applicant and employer services. For the applicant, the Job Service can place individuals in meaningful, lasting work through the free labor exchange function. It can test individuals for job skills. Through counseling, it can help the individual in selecting a job to fit his abilities, define the labor market for the individual and point the individual toward a successful interview. The Job Service can operate job finding clubs to help groups of out-of-work individuals. The Job Service can handle special services such as vouchering for tax credit programs, administering work test requirements, testing for transfer payment eligibility and assisting targeted groups established by law. Because of the ability to test and counsel applicants, the Job Service should be the first stop for the out-of-work, who either can be directly placed in employment or referred to specific training programs to obtain job skills. After training, the Job Service can fulfill its initial charge as a placement organization.

EMPLOYERS CAN BENEFIT from the Job Service's ability to recruit, screen and refer qualified jobseekers to job openings. Through a national system of labor exchange, qualified workers can be moved from areas of high unemployment to areas of high job openings, thus providing employers with a source of trained labor and reducing business costs. The Job Service can be an important tie to the business community by performing employer relations functions. As has been seen in the past, by placing individuals in the economy and by lowering the entrepreneurial costs, the service has a positive cost-benefit ratio.

UNEMPLOYMENT INSURANCE, TOO, CAN PROVIDE claimant and employer services. Unemployment Insurance can disperse timely benefits to the unemployed. It can evaluate eligibility of the claimant, can insure they are seeking work and can assist in filing interstate claims. Unemployment Insurance can provide purchasing power to claimants, which tends to stabilize the general economy in period of recession. Also, Unemployment Insurance can benefit employers by utilizing this means of retaining qualified and trained employees during temporary periods of unemployment. It is cheaper to finance Unemployment Insurance than to train new employees. Unemployment Insurance can provide appeal rights to both the claimant and the employer. Employers also can benefit from regular informational meetings informing them of legal requirements.

LABOR MARKET INFORMATION CAN BE A VITAL LINK between the Employment Security System and a healthy national economy. it can supply unemployment and employment totals to local, state and national information systems. This service can be crucial to accurate economic forecasting. The information can delineate areas of surpluses or shortages, both in location and job type. The information could be utilized to plan economic stimuli, or for business expansion or relocation.

THE BASIC EMPLOYMENT SECURITY SYSTEM, consisting of Unemployment Insurance, Job Service and Labor Market Information, should be financed by the Federal Unemployment Tax Act, which is collected from employers for that purpose. All other programs performed by the Employment Security System should be financed from general revenue. This would include registrations and certifications for transfer payments, extended Unemployment Insurance benefits, vouchering for tax credit programs, congressionally mandated programs for targeted groups, enforcement and compliance activities.

IN SUMMARY, it is the purpose of this paper to provide a guideline for the continued efficient operation of the United States Employment Security System. It has been demonstrated to be a cost effective means of serving both the nation's manpower goals and also meeting the state's individual employment requirements. Coordination of Job Service, Unemployment Insurance and Labor Market Information services can help all parties -- by giving individuals a method to find employment and ease transition; by providing business the service it deserves for the FUTA tax it pays; and by allowing government a means of predicting, planning and meeting employment policy.

TESTIMONY
OF THE
NATIONAL COUNCIL OF LA RAZA
ON
EMPLOYMENT AND TRAINING POLICY

FOR INCLUSION INTO THE RECORD OF

OF

JOINT HEARINGS OF THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

AND

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

SUBMITTED BY:

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MARCH 19, 1982

FEDERAL EMPLOYMENT AND TRAINING POLICY

I. INTRODUCTION

The National Council of La Raza (NCLR) would like to express its appreciation for the opportunity to submit this written testimony for the official log rd pursuant to joint House-Senate hearings regarding the future of federal employment and training policy. The Congressional leadership in this field are to be commended for their efforts to maintain a strong federal role in producing trained and productive members of society.

The improvement of the skills and abilities of our country's labor force has been a widely recognized and deeply respected goal for our nation. The nation's own economic health is very much dependent upon the development of its human resources in addition to its capital stock. Furthermore, the responsibility for maintaining a productive workforce is shared by a wide range of institutions, from the educational system to the federal government to other levels of government, and to community organizations and the private sector itself.

Despite good intentions over the years, however, there remain large segments of our society who are unable to make the transition into the economic mainstream and are in need of special services before they can take advantage of economic opportunities. Because of their disadvantaged position, the federal government has a clear responsibility for assisting these individuals in acquiring the skills necessary to become active and productive members of society.

NCLR views with the utmost dismay two equally alarming situations. First, over ten million Americans are currently unemployed, many of them because of deteriorating economic conditions, and we fear that unemployment will continue to rise because present economic policy attempts to reduce inflation at the price of rising unemployment. Second, decreasing purchasing power and federal budget cuts have led to further large-scale layoffs, a situation which threatens to reverse recent gains in equal employment opportunity due to the "last hired-first fired" syndrome.

The National Council of La Raza is particularly concerned over the manner in which the social and economic well-being of Hispanic Americans is threatened by the current economic situation. NCLR, in its role as a national Hispanic civil rights organization representing Hispanic organization in 23 states, the District of Columbia, and Puerto Rico, supports a strong federal employment and training policy which focuses on providing disadvantaged individuals with the marketable skills necessary to compete in the labor market. NCLR believes that investment in human resources is an essential strategic measure for attaining economic growth and productivity, and thus keeping our nation strong.

II. IMPORTANCE OF THE FEDERAL ROLE IN EMPLOYMENT AND TRAINING

In assessing current legislative proposals for a federally-funded employment and training program, NCLR has looked carefully at the needs of Hispanic Americans and the lessons to be learned from past and current programs, including those operated under the Comprehensive Employment and Training Act (CETA).

Structural unemployment is a constant problem plaguing the Hispanic community in this country. Hispanic Americans face a host of economic barriers which impede access to employment opportunities. Hispanics are the youngest and least educated population group in the country, and among the poorest. Hispanic unemployment rates are consistently 60% higher than the rates for the general population. Hispanic youth unemployment stands at an alarming 30% and in some areas reportedly exceeds 50%. Language differences and a history of discrimination also continue to prevent full access to the economic mainstream.

Although the federal government has for years had a job training policy focusing on serving the economically disadvantaged, Hispanic participation in federally-funded employment and training programs has been dismal, and in some cases has worsened over the years. The fact is that under the Manpower Development Training Act (MDTA) of the 1960s, Hispanics faired much better than they do today in terms of participation in federally-funded employment and training programs. Under MDTA, Hispanics constituted 15.7% of participants; however, in 1979 -- with a population more than 50% larger than it was during MDTA -- their participation rate had dropped to 12.7%. Independent research undertaken by both NCLR and the Mexican American Legal Defense and Education Fund (MALDEF) in 1979 revealed that Hispanics were grossly underrepresented as CETA clients in a number of prime sponsor areas where they constitute large segments of the general population. The situation has improved somewhat since then, with participation up to 14% in 1980, largely due to increased federal targeting and oversight. However, participation remains well below equity in many locations.

NCLR views this inaccessibility to services as inextricably linked to the system of block grants and decentralization. Under MDTA, with strong federal targeting and oversight, Hispanics fared relatively well. Under the early CETA programs, which were largely a block grant to local prime sponsors, Hispanics were severely under-represented. Under the 1978 Amendments to CETA Mandating increased federal oversight, Hispanic participation has begun to increase.

We believe the lessons of the past are clear. Hispanic and other low-income and minority group participation in employment and training programs will not be equitable unless a modified block grant system is used, whereby federal regulations, targeting, oversight, and civil rights enforcement are strongly mandated. Moreover, some funds must be set aside at the national level to meet the needs of special populations such as minorities, and to encourage creative programs which serve as models for replication. Such discretionary federal resources are a major source of effective programs for serving special populations.

Closely related to the issue of access is the question of equitable distribution of resources and contracting for the local delivery system. Hispanic and other minority-operated agencies must be a part of the design and implementation of local employment and training service delivery systems. This involvement can be assured only through federal mandate.

III. PROGRAM ADMINISTRATION

A. Program Accountability

NCLR opposes the total revision of the employment and training service delivery system, as envisioned in the Administration's proposal, which would almost entirely replace the present prime sponsor system. While the proposed system would grant to the governors the authority to designate sub-state service delivery areas, this proposal ignores the track record of those prime sponsors presently performing according to standards, fails to build upon the experience they have gained, and would severely disrupt services due to the transition in administratioon. New policy should be based upon minimizing disruption in services and recognizing and maintaining administration by prime sponsors already doing a good job. S. 2036, the

Quayle/ Kennedy proposal, would partially address this problem by allowing present service deliverers to petition to continue participating in the system. This process, however, should be structured to minimize political pressures within the state, which could bypass less represented areas of the state.

NCLR recommends the maintenance of the present prime sponsor system as contained in H.R. 5320 (Hawkins). We further recommend that the legislation provide that current prime sponsors not adequately carrying out performance responsibility be removed from the system and a process encouraging the development of more productive sub-state delivery mechanisms be undertaken.

One of the major differences NCLR sees with an entirely state administered system is the reduction in program accountability. Together with the emphasis for private sector control at the local level, as proposed by the Administration, the employment and training system would not only be decentralized so that the federal role is minimized, but would also be far removed from local official authority, and hence, would be unaccountable to local citizens. For Hispanics and other minorities and disadvantaged people in general, this would minimize input into the decision-making process by the communities most in need of services. New legislation should incorporate not only federal oversight requirements, but also provisions for public review and input into both local and state plans for the delivery of employment and training services, and assurances that such input would be actively solicited.

B. Private Sector Role

NCLR supports strong private sector participation in employment and training efforts, since they are the primary source of permanent unsubsidized employment. However, their role must be defined realistically, drawing upon the greatest strengths of all the partners in this effort. Private industry has a major policy and advisory role to play at every level, and can provide critically needed training opportunities, primarily through on-the-job training programs. However, NCLR questions the appropriateness of asking the private sector to become service deliverers or administrators in place of the public and voluntary sectors, since those sectors have the primary responsibility and the greatest experience in creating opportunities and delivering services. Rather, NCLR believes that the private industry role should remain as it is in the Private Industry Councils (PICs). Major criticism of the PIC system has been that PICs fail to reflect constituencies such as the disadvantaged, and that their decision-making is thus void of community input and involvement. This problem should be addressed by having legislation which mandates community-based organization involvement in the PIC planning and decision-making process. This would help create a true partnership including the public, private, and voluntary sectors, which is badly needed for any a successful employment and training program.

C. Targeting

The Council applauds the fact that all the major proposals contain some emphasis on the targeting of services to those most in need. Specifically, all the proposals except for S. 2184 (Administration) provide set-asides for programs assisting the youth eligible population. However, new legislation needs to provide for both in- and out-of-school youth, especially minority youth, whose self-esteem and attitudinal levels also contribute to their lack of skill attainment. In constrast, the Administration bill would only focus on out-of-school youth. Maintaining the pursuit of an education should be a central objective and can be facilIated by keeping young people in school. Programs directed at youth should include a full mix of activities, including basic and remedial education, on-the-job training, preparation for work, counseling, and occupational training.

In addition, to youth, disadvantaged heads of households 25 and older need to be targeted for job training services. Special consideration should also be given to female heads of households, limited English proficienct and other special populations. NCLR also supports the continuation of special national programs for migrant and seasonal farmworkers and native Americans as contained in all the major bills.

D. Stipends

A principal rationale for a federal employment and training effort is the need for reducing structural unemployment. This means reaching disadvantaged populations -- individuals who are not being served by local services such as school-based adult and vocational education.

Stipends are essential for making programs accessible to those with the greatest need for services. Participation in a program means expenses for clothes, food, and transportation, and sometimes for child care. It means suspending personal job search efforts. It is unrealistic to expect individuals with a history of unemployment and marginal employment to take the risk of entering a program when it may mean a reduction in family income below minimum standards required for survival.

NCLR supports that stipends be more flexible than in the past, so that best use is made of limited resources, but where expenses and basic needs must be met, stipends must be provided. We support continuation of $30 a week supplementary allowances for those receiving public assistance or unemployment. For those not receiving such assistance and without other means of support, stipends should be made equal to the amount of public assistance plus $30. Thus stipends could be reduced in amount in some cases, and would not be mandatory.

For special populations such as farmworkers, allowances should continue to equal the minimum wage so that individuals can afford to leave the agricultural sectors, and seek training for alternative employment.

E. Performance Standards

All the major legislative job training proposals contain a strong emphasis on establishing federal performance standards to measure the performance of states and sub-grantees in providing employment and training services. The setting of firm performance requirements throughout the delivery system is absolutely essential to assure program effectiveness and accountability. Performance criteria include: positive placements, increase in post participation earnings, reductions in income maintenance payments, and job retention, among others. In addition, most of the proposals, except for that of the Administration, maintain separate performance criteria for youth because of their unique characteristics and employment barriers.

One issue which NCLR finds objectionable, however, is the high probability of "creaming" occurring under an administration of standards which reward positive placements by one entity without regard to services provided to extremely disadvantaged persons by another entity. The result could be a program which fails to reach the structurally unemployed. A system of incentives should be incorporated to encourage and reward the delivery of services to those most in need. The mechanism for assuring that services are delivered to the population most in need of them is targeting.

IV. THE ROLE OF COMMUNITY-BASED ORGANIZATIONS

The issue of the utilization of community-based organizations (CBOs) in the delivery of job training is a key concern to Hispanics. Despite their emergence in the last two decades and their legislative recognition, CBOs are underutilized in the employment and training system under CETA. For example, before 1978 amendments to the Act, only approximately 5.7 percent of Title I funds were going to CBOs through subcontracts from prime sponsors.

Community-based organizations are an essential part of a well designed employment and training system because they can reach those with the greatest need for services. Hispanic CBOs provide a double role in bringing services to the Hispanic community which historically has been underserved by employment and training services at the local level. Hispanic CBOs are uniquely qualified to attract truly disadvatnaged persons and provide them culturally relevant services. In addition, Hispanic professionals provide role models to Hispanic youth.

None of the current proposals assures an adequate role for community-based organizations. NCLR is especially concerned with lack of CBO involvement in the Administration's proposal. CBOs are private, non-profit institutions which, in conjunction with the profit-making sector, strike a unique balance in linking disadvantaged communities with the business community. NCLR supports the provision for representation of CBOs on the Private Industry Councils (PICs) and state job training council as contained in virtually all the major job training proposals. However, in addition to this legislation should mandate the utilization of CBOs as service deliverers, to receive a certain minimum percentage of federal training resources at the local level.

Also of major importance in assuring equitable participation in employment and training programs is the availability of technical assistance to community-based organizations. Capacity-building technical assistance to strengthen the managerial capacity of local CBOs greatly facilitates their ability to participate and contribute in a comprehensive local employment program. In addition to CBOs, states and prime sponsors will require technical assistance in devising systems to reach out to special populations. Therefore, new legislation should provide for the provision of technical assistance with adequate funding to ensure that the needs of disadvantaged populations are addressed.

V. CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the National Council of La Raza strongly urges the Congress to review the lessons of some 20 years of experience with federal employment and training programs to assure that new legislation takes advantage of these lessons. The federal role in establishing employment and training policy and providing leadership in programming is well established, and is critical to the future of this nation. The federal government must strengthen the roles of the states and local governments as administrators of employment and training services, and assure that both the private and the voluntary sectors become full partners in the effort to reduce structural employment and create a trained and productive work force to meet the nation's future labor force needs.

Previous programs have shown the value of a program administered and operated as close to the people as possible, with strong community involvement and community-based organization participation in service delivery, to assure that programs reached those with the greatest need for services. The need for involvement of both the state and local governments has been demonstrated, as well as the critical importance of private sector advice and consultation to assure that program clients are in fact prepared for actual private sector jobs.

Past experience has also clearly indicated that only through a strong federal role in policy-making, targeting, and oversight, can equitable program access for minorities and low-income Americans be assured. NCLR therefore supports a modified block grant approach to employment and training.

Consistent with its mission to improve the quality of life for Hispanic Americans, and help them gain full access to the economic mainstream, the National Council of La Raza offers the following specific recommendations for the new employment and training legislation:

- New employment and training legislation should provide for the maintenance of the current prime sponsor system as the local entity accountable for the provision of employment and training services. The state prime sponsor should continue to service rural and small town areas and provide technical assistance and state labor market information to all sub-state service providers. Where prime sponsors have failed to meet targeting and performance standards, there should be provisions for establishing new sub-state delivery mechanisms.

- The legislation should continued the function of the Private Industry Councils (PICs) as an advisory body to the local prime for labor market information and training opportunities. Business leadership should be emphasized for strategies for meeting the employment and training needs of the disadvantaged. Community-based organizations (CBOs) should be represented on such councils.

- The legislation should support and enhance the role of community-based organizations as recruitment and service delivery vehicles for reaching disadvantaged and minority persons. Set-asides specifying that a portion of service funds at the local level go to minority and low-income controlled CBOs should be incorporated into the legislation.

- The legislation should provide for the targeting of services to the economically disadvantaged communities and especially disadvantaged youth. All the major proposals do this to some extent, except that the Administration's proposal would focus only on out-of-school youth. While this is commendable, NCLR would also urge the inclusion of in-school youth programs, assisting them to continue their educational progress. Funds should also be targeted for programs which train disadvantaged needs of households 25 and older.

- Federal discretionary funds should be retained primarily for (1) demonstration projects for minority and other special populations, and (2) technical assistance services to insure the management and programmatic capability of CBOs and other local service providers.

- To make the program accessible for those with the greatest need for training, stipends and allowances must be available, although a more flexible system should be developed so that they are used where necessary for assuring accessibility.

- The federal government should maintain national funding and responsibility for programs for migrant and seasonal farmworkers and Native Americans.

- The new legislation should incorporate the use of performance standards for measuring the attainment of national goals and objectives, and their application to service deliverers and prime sponsors. However, in their design, caution must be taken to ensure that "creaming" of clients does not occur. Also, the federal government should actively monitor states and prime sponsors to assure the performance of all duties and responsibilities.

- The legislation should require that employment and training services be available in rural areas. This should be left to the discretion of the states.

The National Council of La Raza (NCLR) offers these views and recommendations in the interest of contributing to the bi-partisan effort in the development of future employment and training policy. Employability development is one of the most serious concerns facing the Hispanic community. In response to this concern we seek the maintenance of and improvement of federal job training policy. We appreciate your invitation to submit this testimony into the record.

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STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION
TO THE EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE OF THE
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
RE: JOB TRAINING

March 29, 1982

American Farm Bureau Federation
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STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION TO THE EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES RE: JOB TRAINING

March 29, 1982

The American Farm Bureau Federation is a nonprofit general farm organization of more than three million families in 48 states and Puerto Rico, including at least three-fourths of the commercial farmers and ranchers in the country and an even higher percentage of the 700,000 agricultural employers who reside and conduct their operations in 2,800 counties.

At our annual meeting this past January, the voting delegates of the member State Farm Bureaus adopted the following policy statement on CETA:

> "...Recommend that the Comprehensive Employment and Training Act (CETA) be repealed and replaced with tax incentives for employers to train new workers to do meaningful jobs and eliminate dependence on public support..."

Farm Bureau is pleased that the Subcommittee is moving forward with legislation to replace CETA with a new act. The fraud and abuse that has occurred in this program for the past several years, plus the objectionable activities carried out by some of the grant recipients, require that the Congress enact a new job training program.

We recognize the need for such a program and agree with the major thrust of both S. 2036 and S. 2184. We are particularly pleased that both bills place major emphasis on utilizing the expertise of private-sector employers in the proposed new program. Insofar as possible, the operation of the new program should be isolated from political pressures. While some subsistence payments to trainees may be necessary in some instances to achieve the goals of the bill, we urge that such payments be kept to a minimum. The major emphasis should be to place people in positions of employment with training on the job. We suggest that employment vouchers issued to qualified persons might be a more simplified way of administering the program. Through such vouchers, persons seeking training would be able to make a choice of training programs, with the normal advantages of competition. Such vouchers might be designed to reimburse employers for up to 50 percent of the cost of training through approved programs.

CETA-Section 303--Migrant and Seasonal Farmworkers

We do not agree that Section 303 of CETA should be continued in the new legislation. This has been one of the CETA programs fraught with abuse and poor administration.

To understand our objections to the Section 303 program as it has been administered under CETA, it is necessary to understand some of the basic facts concerning the nature of agricultural employment.

The U. S. agricultural labor force is comprised of four groups: (1) farm operators and unpaid family members; (2) domestic hired farm labor; (3) foreign nationals brought into the country under the H-2 provision of the Immigration and Naturalization Act; and (4) undocumented aliens. Farm operators and their families constitute about two-thirds of the 3.7 million persons "employed" on farms.

Hired workers accounted for about 23 percent of the annual average employment on farms in 1950; but by 1980 the proportion had increased to 35 percent, due mostly to a sharp decline in the number of farms and farmers. The number of migrant farmworkers dropped from 422,000 in 1948 to 217,000 in 1979, a decrease of almost 50 percent.

An examination of the demographic characteristics of hired farmworkers shows that 57 percent of them are under 25 years of age; one-fourth are between 14 and 17 years; 22 percent are female; 75 percent are white; and 83 percent live off the farm. A large number have a low education level, averaging two grade levels below the U. S. population as a whole.

The majority of farmworkers are employed on a casual (less than 25 days) or seasonal (25 to 149 days) basis. Almost three-fourths of them work for less than 150 days during the year. A large number of the casual and seasonal workers are students and housewives who work only a few weeks a year. Only about 16 percent of all hired farmworkers work on a year-round basis, while another 13 percent work from 150 to 249 days during an average year. However, those working 150 days or more account for 73 percent of the total days of farmwork.

A further analysis of the degree of attachment farmworkers have to farmwork shows that almost half of all farmworkers are outside the labor force most of the year; more than three-fourths of them are students. Less than one-third of hired farmworkers consider farmwork their principal activity; and 34 percent of them work less than 25 days at farmwork. Nearly half of all hired farmworkers have been employed in farmwork for three years or less.

This statistical informaton indicates to us that any job training program aimed at both local seasonal workers in agriculture and migrant workers is made to order for abuse. A large share of the expenditure allocation for this program in the past has been justified by using an overall figure for both local seasonal workers and migrants. A large percentage of the local seasonal workers are students or local housewives who are only casually working on farms and have no need for any special job training program.

In many instances, the grant recipients of the Section 303 program have engaged in agitation activities against agricultural employers, involved themselves in union organizing, and operated through confrontation with employers. Farmers have watched in dismay as CETA-303 grantees have visited their farms for the purpose of trying to convince workers gainfully employed that they should leave their employment on the farm, seek employment elsewhere and be paid while receiving training.

We recommend that the Section 303 program be deleted. Until this is done, legislation should provide for an in-depth study of the Section 303 program to determine exactly what kinds of individuals have been receiving services, how effective the training program has been in placing such people into year-round employment, and what the cost has been for each person so placed.

At the very least, we urge that this particular part of the program be limited to migrant farmworkers, which would reduce the total of persons eligible from 800,000 to 200,000. The term "migrant" should be clearly defined by an appropriate reference to other statutes. If local seasonal farmworkers want to avail themselves of a training program, they can do so just as any other person eligible for services under this legislation. There is no need for a special program for this broad mix of persons who occasionally work on farms for a few weeks during the year. Many of them have other employment or are full-time students.

INDIANA VOCATIONAL TECHNICAL COLLEGE

NORTHWEST REGION 01, GARY INDIANA

TESTIMONIAL INFORMATION FOR PROPOSED

"TRAINING FOR JOBS ACT"

S-2036

March 1982

PREPARED BY:

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Indiana Vocational Technical College is a state mandated post-secondary institution whose mission is training people for job market demand employment. It was first established in the State of Indiana in 1963. IVTC Northwest, Region 01, began as one of the thirteen (13) regional campuses in 1968, serving a seven (7) county area in Northwest Indiana which contains approximately one-third (1/3) of the population of the state. This area is a highly industrialized steel producing area, with a secondary employment base of multi-manufacturing firms in both light and heavy industry. For most of the history of the area, there has been a surplus of unskilled jobs available to the population. This condition no longer exists. We now have one of the highest unemployment rates in the state. Our unemployed consist of dislocated workers who have little or no opportunity to return to their jobs, and a large number of unemployable disadvantaged and minority youth.

As our catchment area includes an old model city, and a targeted city, we have had the opportunity to work with and witness the progress, results, and short-comings of such work and training programs as manpower, model cities, and CETA. Unlike many post-secondary institutions, IVTC was begun with the philosophy that we would train students for jobs with a market demand in the private sector. It has been standard procedure to include in our planning process an industrial needs assessment, receive input from private industry in course planning, and to foster apprenticeship programs, all leading to job placement in the private sector.

It is a result of this experience that we offer the following input on the proposed "Training for Jobs Act", S-2036:

DEFINITIONS -- (2) "community based organizations".

It is our strong feeling that the subcontracting to CBO's under the CETA programs proved to be ineffective when these subcontractors were not required to demonstrate results in employment in the private-for-profit sector of our economy. As a result, use of CBO's for training should be with the following considerations:

1. There should be an evaluation of the performance of past training as it related to successful employment in the private sector.
2. Monitoring of the CBO's performance criteria in accordance with the provisions of the act is essential in order to insure that we do not perpetuate dependancy on public employment. It is essential that productive, marketable employability skills be generated by the training effort.

SERVICE DELIVERY AREAS -- Section 102.

We support section (C)(1) which provides for the prime sponsors to be adjusted to be more consistent with the labor market and/or SMSA. We feel that dividing metropolitan areas in the same labor market area lead to duplication of effort, and reduces the willingness of the representatives from private industry to participate in multiple PIC councils. This did occur in our area under CETA.

PLANNING THE PROGRAM -- Section 103.

It is felt that the provisions of (2)(A) are essential to the success of the planning process. Effective planning cannot take place unless the people involved are in a position to make decisions. Past experience demonstrated that representatives without decision making authority produced an internal struggle between the PIC and the prime sponsors resulting in very little being accomplished. We would like to strongly support a minimum of 60% private sector participation as we feel that private sector involvement is a key element in the legislation if employment at the conclusion of training is to be a reality.

There is concern on our part that (2)(C)(6) could negate the efforts of Section 102. This provision would allow the labor market to be divided according to local governmental units. If the intent of the legislation is to provide a greater participation from local industry and business, then it would seem that the labor market area, or the SMSA would serve as a more effective planning base.

PROGRAM ELEMENTS -- Section 105.

(A)(1) It is understood that there are many people who are in need of the elements of this provision, however, it is also known that much money has been spent attempting to accomplish this very thing. As a result, it is our belief that if this provision is to remain in the Bill, there must be an accountability process involved in its use. It is suggested that a viable, validated assessment process that will assist the eligible applicant to develop a prescriptive plan toward employability be required. If such a prescriptive plan is not an element, then there will be no way to evaluate the results of the operation of this section, and consequently, it will be impossible to determine the return on the invested funds.

(A)(2) We are concerned with the ambiguity of this section. It is understood that such things as transportation and child care will be necessary to enable some people to participate in the training process. Experience with CETA taught us that there were times when the support services were artificially maintained during the training period, and the job preparation was such that the eventual employment would not realistically maintain the cost of these support systems. If they are to be an element of the legislation, then they should be maintained at a level that can reasonably be supported by the proposed employment. Planning should also gear the development of such supportive services in such a way that they will be in place at the time of employment so that they do not have to be reconstructed by the potential employee.

(A)(3) It is our strong opinion that public sector jobs should not, under any circumstances, be subsidized. In addition, if a COB establishes a track record of placing people in subsidized positions that lead to unemployment after the period of subsidation, then that COB's operating evaluation should negatively reflect that process.

(D)(1) and (D)(2) It is understood that this Bill will probably face revisions in its path to passage. We feel that these two provisions probably represent the validity of the entire Bill. All too often in the past, we have seen store front schools emerge because there was Federal money to pay for them. Many have had little or no intake assessment process, and very few are designed to facilitate post-training placement. Most important, these agencies almost always represent a duplication of effort as established training facilities can and do provide the same service with a minimum of refocused efforts. It is important that we maximize the use of the dollars available under the provisions of this Bill. That is best done by using established agencies or institutions that have proven ability to deliver the necessary training. It is equally important that the potential employers certify that the skills being taught are the skills that they are looking for in an employee. This is what the Bill is supposed to be all about. Accountability, and results are elements that have too long been overlooked. We strongly urge that regardless of other changes in the Bill that these two elements remain.

PERFORMANCE CRITERIA

(C)(1) As indicated, the investment in the youth programs is an investment in a very unstable job market, and certainly cannot be measured by the same criteria as the adult program. One element needs to be considered that will eliminate some of the risk in the youth program. Training available should be restricted to training for high demand employment areas. This will minimize the possibility of setting the young people up to fail in the job market, and will maximize the effectiveness of the dollars spent.

CONCLUSIONS

It is hoped that in the examination, and passage of this Bill, those making the decision to invest in the employment training process will learn from the past and strive to not duplicate the mistakes that resulted in a waste of time, money, and resources. To this end, we strongly support the involvement of the private sector in the process; the use of established training facilities who have demonstrated an ability to produce job skills that result in employment; and, proper accountability requirements that lead to the end result that the funds expended positively impact unemployment and contribute to the economic and social development of this nation.

Jobs
For
Youth

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SUBCOMMITTEE
EMPLOYMENT OPPORTUNITIES

March 29, 1982

Rep. Augustus Hawkins
Chairman
Subcommittee on Employment Opportunities
B-346A Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Hakwins,

Enclosed please find a written statement on the employment and training legislation currently before the Congress. We would like the statement included in the official hearing record.

Also, in any bills that enumerate specific CBOs we would appreciate it if you could include Jobs for Youth. It would mean a great deal to the people in the three communities (Boston, Chicago and New York) that we serve.

Thank you.

Sincerely,

Pat Nooy
Patricia Nooy
Executive Director
Jobs for Youth - New York

Lucy Watkins
Lucy Watkins
Executive Director
Jobs for Youth - Boston

Fred Jungmann
Fred Jungmann
Vice-Chairman for Development
Jobs for Youth - Boston

Jobs
For
Youth

TESTIMONY BEFORE THE 97th CONGRESS
ON
YOUTH EMPLOYMENT AND TRAINING LEGISLATION

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INTRODUCTION

The mounting youth unemployment rate in the United States has unfortunately become only a footnote to front-page stories of unprecedented unemployment in the adult workforce. Yet it is the youth unemployment problem that threatens to create a permanent underclass in this nation that no third-quarter recovery or improvement in economic indicators will ever be able to erase.

This written testimony is being submitted by the Jobs for Youth programs located in Boston and New York which provide vocational counseling, basic skills instruction and job placement and follow-up for over 2,000 young people each year. We are community based non-profit organizations. Our specific concern is with placing hard-to-employ young people, predominantly high school dropouts, in unsubsidized private sector jobs.

The comments below focus on the problems associated with placing these young people in jobs and on changes we believe are necessary in the youth employment legislation that has been introduced in the 97th Congress.

THE "HARDEST-TO-EMPLOY"

Today more than one out of every five persons between the ages of 16 and 22, who wants to work, is without a job. In certain areas of this country, three out of every five teenagers is without work.

Among these millions of unemployed young people are the group we refer to as the "hardest-to-employ". These hardest-to-employ are usually minorities, live in urban areas, meet federal poverty level designations, have often been involved with the juvenile justice system, are usually school drop-outs, and lack the basic reading, writing and communication skills fundamental to finding and retaining a job. Their unemployment rate is the highest (in some areas over 50%) and their prospects are the bleakest. These young people make up the majority of clients served by Jobs for Youth.

It is unfortunately true that these young people who are hard-to-employ today will, without a carefully planned and targeted effort to assist them, become the permanently unemployed for several decades to come. It is only during their younger years that assistance seems to make measurable and substantial impact.

As a way of helping those in Washington understand what types of programs have a chance in succeeding with the hard-to-employ, we would like to outline briefly the history of Jobs for Youth and how the program works. Following this brief discussion are our recommendations and comments for the employment and training legislation currently before the 97th Congress.

HOW WE PLACE THE HARDEST TO EMPLOY

The first Jobs for Youth program was started in New York City in 1958 to serve unemployed young people in the Yorkville and East Harlem neighborhoods of Manhattan. That program quickly grew and today unemployed young people from all five boroughs of New York City are served from the organization's offices and classrooms at 2nd Avenue and 95th Street.

In the late seventies two groups of concerned citizens, one in Boston and one in Chicago, decided to do something about growing youth unemployment in their communities. After forming task forces, studying various youth employment programs around the country, and working with the JFY staff and board in New York, both adopted the Jobs for Youth model and began operations using the Jobs for Youth name.

Today young people from low income families who want to work, but lack basic skills for entry level positions or information about job opportunities, can walk into a Jobs for Youth program in New York, Chicago or Boston. There they receive job readiness counseling, basic skills instruction, and encouragement they need to gain and hold an unsubsidized private sector job that pays at least the federal minimum wage.

The first stops for young people entering the program are orientation and counseling sessions. In these sessions their skills are assessed and trained professionals try to match these new clients with job openings developed by our employer services staff.

If counseling and testing reveal that the young person needs additional math, reading and writing skills in order to qualify for an entry level job, he or she is encouraged to enroll in JFY's voluntary, competency based educational program. About 20-30% participate in this program. Because training is goal oriented -- obtaining a job -- these young people who complete the educational series program improve their reading and math skills by an average of one and a half grades.

Our employment services staff finds jobs openings in neighborhood businesses and other small to medium sized companies by door-to-door canvassing of business districts, ads placed in newspapers in the yellow pages, and on mass transit systems, by direct mail campaigns, personal visits and phone calls to prospective and former employers. We charge no fee to either our client (the young person out of work) or the employer.

Before a client is sent out on a job interview we also provide training in interviewing skills. After a job is secured (an average of 46-50% of all our clients who go through counseling and basic skills training are placed) we stay in touch with both the young person and the employer over a twelve month period to help solve any conflicts or problems that arise on the job. Just recently we have also begun an upgrading program that helps clients we have started in entry level positions enter jobs higher up the career ladder.

THE SITUATION WE FACE

For the last twenty-four years, Jobs for Youth has operated on the principle that private-public sector cooperation offers the best chances for successful employment programs. For the current fiscal year, funding for Jobs for Youth comes nearly equally from the private and public sector. In each of the three cities where the program operates, there is an active community-based board of directors that includes representatives from that city's business community, social service agencies, neighborhoods and local governments.

We have been heartened by recent studies conducted by the U.S. Department of Labor that indicate that our program is both effective and cost-efficient in serving the hardest-to-employ in the nation. We also take great pride in the fact that communities in Texas, Pennsylvania, New York and Wisconsin are actively working with our technical assistance staff to learn how our program expertise can be shared with youth serving agencies in other cities.

At the same time, we are very concerned that events in Washington, of which we have so little control, could force drastic reductions in our programing at a time when its services are so much in need.

Though the exact funding sources vary in each city, our programs have received an average of 50% of their regular annual support from a variety of federal programs, the most prominent of these programs being CETA,(specifically those titles other than Public Service employment). It is crucial that any reauthorization of CETA or any new initiatives guarantee that programs like Jobs for Youth be sustained.

We have studied the major pieces of legislation that have been introduced and would like to share the following observations with you.

SPECIFIC CONCERNS ABOUT THE BILLS BEFORE YOU

A reshaping of the nation's employment and training programs is welcome. Yet it is essential that before any new legislation is passed the knowledge and experience of community based efforts be incorporated into the originating legislation.

Our comments here relate specifically to the program we are most familiar with, Jobs for Youth, but we also address the concerns of similar community based organizations around the nation that share our commitment to and concern for providing employment opportunities for hard-to-employ young people.

Our general concerns are that any new legislation provide adequate funding for youth employment programs, that the available funds be targeted to those youth populations most in need-such as school drop-outs-and that the legislation guarantee that funds will be allocated to community based organizations with a proven track record such as Jobs for Youth. Our specific concerns are the following:

1. Funding

Since 1980 the amount of funds allocated to employment and training programs in the United States has decreased while the unemployment rate and need for such training has increased. Through the various proposed allocations differ among the various bills, even the highest sum falls far short of the amount necessary to launch a meaningful national effort.

We know that it is difficult to try and find additional funds at a time when Congress is being asked to make further reductions in social programs. Yet the long run cost savings to both the federal government and the private sector from employment and training programs is sizable.

Through our work in the nation's cities, we are well aware of the alternative cost to the taxpayer. If we do not serve the hardest-to-employ through counseling, education and placement programs, we will be forced to serve them through more costly welfare or penal programs.

We urge a substantial financial commitment to youth employment and training programs of at least $3.9 billion.

2. Dropouts

Currently, only one bill (H.R. 5461) places a priority on the allocation of available funds to the group most in need of a coordinated federal effort, high school dropouts. Dropouts face the most difficult obstacles to employment. Without assistance they will undoubtedly become the future underclass in the United States.

We emphatically urge that new legislation explicitly cite dropouts who are members of low-income households as the priority target population.

Without such specific targeting for dropouts, it will be all too easy for providers to focus their attention on the most employable of young people. It is quite possible that without such targeting, providers eager for quick success will neglect the most in need and hardest to work with.

We also believe it is important to include dropouts in any class of persons that are exempted from meeting the low-income eligibility test. Dropouts regardless of family income face the bleakest job prospects.

3. Minimum Allocation to CBOs

Community based organizations have been the pioneers in youth employment programs and today provide models that government agencies are attempting to emulate or duplicate. CBOs currently operate the most successful and cost-effective programs. CBOs are the nation's front line of defense against the youth employment problem, and as the past has indicated, they are the most qualified to lead any future initiatives in this area.

We recommend that a minimum of 30% of available resources be allocated to CBOs by legislation and that the actual dollars set aside for CBOs do not fall below the current CETA allocation to these organizations.

4. CBOs Imput

CBOs, because of their close work with employers and the unemployed on the local level, have much to offer policy advisory boards charged with administration of employment and training programs. We recommend that legislation guarantee CBOs a formal role in the appropriate policy advisory boards. CBOs should have a role at a level equal to state government, local government and business leaders.

5. Age

We recommend that for purposes of establishing allocations and setting performance standards that youth should be defined as those under the age of 22. Our experience has shown that many dropouts may not seek their first job until they have reached the age of 18 or 19. Also, in some cases, it may take several years of successive job training and follow-up until a client finally obtains a secure employment position. An age limit below 22 for youth programs could result in the arbitrary cut-off of services just at the point when progress with a client is being made.

6. Bonus Incentives

We endorse the concept of providing bonuses for performance and the attraction of private funds. Individual programs should be provided with incentives. We strongly recommend that CBOs be able to qualify individually for bonuses and that their performance and fund-raising track record not be merged or averaged in with other providers.

7. Setting Performance Standards

We believe that legislation should specifically provide for the involvement of Community Based Organizations in the setting of performance standards.

8. Allocation of Funds

In order to ensure that funds are allocated to those areas of greatest need we believe that unemployment should be the key criteria in any allocation formula. We endorse the allocation formula in H.R. 5320 that weights unemployment at 75% and the low-income population at 25% in arriving at a funding figure.

9. Certification

One of the greatest problems our organization faces is having to refuse services to young people eager to work because low-income certification in an individual's case has not been completed. Because of backlogs in many of the agencies we must rely on for information, it may take many weeks to certify young people for participation in our program. Too often this delay causes the young person to lose interest in the program and the job market.

We propose that service deliveries be allowed to enroll young people in programs at the same time the certification process is begun. We believe that the federal government should show the same concern to unemployed young people as it does for businesses who fall victim to delay and "red tape".

CONCLUSION

Your actions will have a tremendous impact on our programs and the lives of the thousands of young people we work with each year. We hope that you take our recommendations seriously and use them to create an employment and training structure that will serve the young people in this nation who are the hardest to employ but who want to work.

Because it may be difficult sometimes for Members of Congress and their staffs to comprehend the impact of specific legislative language on programs like Jobs for Youth, we cordially extend an invitation for you to visit or contact us at any time to discuss any questions about our recommendations or our program that you may have. The challenge we face is great. If Congress develops and passes carefully planned legislation, it can be met. We are eager to help. We are dependent on your help.

We look forward to hearing from you.

Jobs
For
Youth

RECOMMENDATIONS FOR PERFORMANCE CRITERIA

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RECOMMENDATIONS FOR PERFORMANCE CRITERIA

The first premise of any performance criteria for employment and training programs for young people must be that a young person's progress be measured against his or her own starting base. Any evaluation of performance, and any evaluation of progress, must take into account the varying levels at which individuals enter any program. Programs must be able to accommodate themselves to such varying entry levels without risk of losing funding or forgoing more lucrative funding.

Unless performance criteria are made flexible we could risk denying assistance to those whose beginnings are humble, to those who have been denied or have rejected the cutomary credentials of our society and educational system or to those that have been mistrained or miseducated.

At the same time, we do recognize that certain levels of achievement and certain credentials are necessary to the ability of a young person to survive and succeed. Thus while recognizing individual variances, we also agree that performance criteria should not retreat from the discipline of having to learn.

Education and training should be mandatory for young people. However, one learning model or system, even if it is the public school system, cannot and should not attempt to serve all young people alike. Many options with successful track records already exist, specifically community based organizations. These options should be recognized, supported and encouraged in any performance criteria.

Though we do not necessarily endorse the setting of complex performance criteria at the federal level, we do believe that federal legislation must outline a basic structure for criteria to be set by federal, state or local agencies, or appointed bodies.

Our specific recommendations for performance standards that should be included in federal employment and training legislation include:

1. Performance standards set by federal, state or local agencies or appointed bodies must take into account the specific characteristics of the youth population to be served. Any criteria specifying requisite progress in a program, the length of time in which to achieve that progress and the cost of serving any individual in a program must take the characteristics of the specific population to be served into account.
2. Benchmarks to measure an individuals progress in a program should include but not be restricted to, one or more of the following: academic credentials, wages, length of time employed in an unsubsidized job and competency based credentials.
3. That various educational and training systems and institutions, including community based organizations are accepted means for young people to progress to their goals.

4. Performance criteria set by agencies or appointed bodies should include, but not be limited to the following:
    A. For success in education (for 16 to 21 year old school dropouts);
        1. Passing the GED and receiving the State Equivalency Diploma (or passing competency-based examinations and receiving a performance-based equivalency diploma).
        2. Performing real life reading and math skills at an acceptable level of competency.
        3. Competently performancing practical life skills such as recognizing key survival words, using money and correctly completing a job application form.
        4. Progressing to the point of gaining admission to and succeeding in a technical or academic training program.
    B. For employment success:
        1. Significantly improving job finding and job keeping skills.
        2. Being promoted on the job, or moving to an upgraded job.
        3. Increasing time on a job or total time employed while in the program.
        4. Being able to leave a job in a way that permits the individual to secure another job.
        5. Increasing time engaged in productive activity such as working, education, or training, while enrolled in the program.
    C. For individual or personal success:
        1. Being able to set realistic goals and steps toward achieving those goals as well as other long-range career and or educational goals.

2. Being able to evaluate and revise goals when appropriate, and to define new strategies and find new resources to achieve those revised goals.
3. Being able to achieve goals within a realistic time period, be able to maintain contact and utilize the program as long as needed and to grow beyond dependency on the program.
4. Realizing satisfaction measured by subjective criteria that the individual is progressing towards or has achieved goals.

NACVE

March 24, 1982

Hon. Dan Quayle
Chairman
Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
U.S. Senate
Washington, DC

Dear Senator Quayle:

As the Subcommittee continues consideration of revisions in employment and training legislation, I should like to take this opportunity to convey the interest and concerns of the National Advisory Council on Vocational Education. I respectfully request that this correspondence be made part of the hearing record.

The National Advisory Council on Vocational Education believes that reauthorization of employment and training programs must tighten the provisions of the act to focus more directly on hard-core disadvantaged, place primary emphasis on training, both institutional and on-the-job, and require performance standards and accountability. It urges that provisions be written into the legislation providing stronger linkages with the education system and greater utilization of the existing resources and facilities of vocational education at the secondary and post-secondary levels. There should be cross-representation and close collaboration between the advisory mechanisms under the vocational education system and the employment and training systems, but they should not be merged into a single entity.

Tightened Provisions

Because of budget restrictions, the Council believes that the limited funds available should be targeted as tightly as possible on the disadvantaged, structurally unemployed. It agrees that a small percentage of the funds should be reserved for retraining of workers in areas hard hit by business failures and lay offs, especially where workers are unlikely to be recalled. It is also necessary to require more stringent performance standards and accountability, to assure quality training which will provide needed technical and employability skills, and support services such as guidance and counseling which will aid in the transition to unsubsidized employment in the private or public sector.

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Utilization of Existing Resources

Wherever possible, employment and training administrators should be required to contract for training services with institutions and organizations with a track record in effective training, rather than creating new programs. Training can take place in a variety of settings, including apprenticeship programs, on-the-job training, community-based organizations and educational institutions of different kinds. Vocational education's unmatched resources and expertise, particularly in community colleges, area vocational schools, and technical institutes, should play a major role. Federal, state, and local tax funds have been heavily invested over the last two decades in building an extensive vocational education capacity. Taxpayers will not be tolerant of programs which fail to make the best possible use of that investment.

For truly effective programs, there must be a partnership between vocational education, the private sector, and other state and local service deliverers. The close ties which vocational education maintains with the private sector in most communities, through cooperative education programs, youth organizations, and other means, should be capitalized upon. Expanded cooperative education-type programs, which combine on-the-job training with classroom instruction, linked with supportive services by groups such as 70,001 and community-based organizations, could serve as a model for comprehensive programs.

The Council believes that the legislation should provide specific linkages with vocational education through provisions for joint planning, common funding cycles, funding set-asides for vocational education, shared use of equipment, curricula, and instructional materials, and incentives for programs which make the most innovative uses of existing resources and facilities.

Advisory Functions

As one of the linkages between vocational education and employment and training programs, there should be cross-representation between the State Advisory Council on Vocational Education and the state-level council established under the revised employment and training act. There should not be a merger between the two councils, as a result of an optional provision in the employment and training act. The effectiveness and the functions of the State Advisory Councils on Vocational Education should be deliberated and determined within the context of the vocational education reauthorization. While it is essential that vocational education be fully involved in employment and training efforts designed to serve a targeted disadvantaged group, it must be recognized that vocational education is much broader in scope and purpose. The range of persons served, and the types of programs provided, are far greater than the relatively narrow concerns of employment and training programs. They include programs for other special needs groups (handicapped, displaced homemakers, prison inmates, older workers) as well as the regular students who are turning with increasing frequency to vocational and technical training. Correspondingly, the mission and concerns of the State Advisory Councils on Vocational Education, while encompassing programs for the disadvantaged, go far beyond. It is unlikely that a single council operating primarily under the authority of the employment and training act, would have the time or inclination to focus on the wider purposes of the vocational education enterprise in a state.

The National Advisory Council believes it is essential that there be input by lay citizens, especially business and labor, in employment and training programs serving the disadvantaged. It is even more important that there be such input to our vocational education system. It serves many thousand more students in each state at secondary, post-secondary, and adult levels, in a wide variety of skill training programs ranging from entry-level to advanced technology.

Respectfully,

Rev. Dr. Roger A. Emmert
Acting Chairperson

RAE/jk

Statement of Peter MacDonald
Chairman, The Navajo Tribal Council, Navajo Nation

To Senate Subcommittee on Employment and Productivity
(Committee on Labor and Human Relations)
March 30, 1982

The Navajo Nation is pleased to submit this statement supporting the continuation of Indian and Native American Employment and Training Programs authorized under P.L. 95-524. During your deliberations on newly proposed legislation to replace CETA, we urge you to consider the following issues which are critical to the Navajo people.

1. Our current unemployment rate is rapidly approaching 80%. This is the direct result of the federal government's misunderstanding of its role in creating and perpetuating dependency relationships through which private sector development was inhibited and social program development encouraged.

The federal government has an obligation to assist tribal governments in overcoming the burden which it created.

Additionally, we presume that your Subcommittee holds inviolate the principle of tribal sovereignty as defined by the Indian Self-Determination Act, P.L. 93-638, and the terms of the Treaty of 1868 between the federal government and the Navajo people in which federal trust responsibility is delineated.

2. We urge you to support the Administration's efforts to reduce the size of the federal government and the burden of excessive regulation and paperwork, by providing funds to tribal governments through a special formula grant, based on a fair-share formula, plus any special regional considerations which might include remoteness, access to water, transportation, and other pertinent factors.

3. We urge you to acknowledge the special burden which the federal government has created for Indian people and to dedicate appropriate Indian set-asides of at least $165 million.

4. We urge you to support the forward funding of employment and training with an appropriations measure to support the continuity necessary to eliminate the waste caused by annual funding and appropriation.

5. We urge you to assure an Indian presence in the policy and administrative functions, and to create a mechanism to assure adequate and timely consultation with tribal government.

6. We urge you to provide initiatives to encourage private sector development on Indian reservations so that employment and training is supported by appropriate economic development activities.

In conclusion, we ask your assistance in supporting our drive toward self-sufficiency so that our people can continue to become less dependent on governmental handouts.

Thank you.

National Association of State Boards of Education

EDUCATION FOR EMPLOYMENT

Statement of

The National Association of State Boards of Education

on

Employment Education Proposals

S. 2036 (Senators Quayle, Kennedy, Hawkins and Pell)

H.R. 5320 (Representative Hawkins)

H.R. 5461 (Representative Jeffords)

The Administration

Joint Hearings, March 15-18, 1982

526 Hall of the States • 444 North Capitol St., N.W., • Washington, D.C. 20001
• (202) 624-5845 •

The National Association of State Boards of Education is pleased to have the opportunity to comment on the legislative proposals offered by Senator Dan Quayle and his co-sponsors, Representative Augustus Hawkins, Representative James Jeffords, and the Administration regarding the employment training needs of the disadvantaged and of the nation.

The fact that so many education organizations have asked to be heard on these measures testifies to the long-standing and primary responsibility of our educational systems for the preparation of the American workforce. Our Association's membership, composed of education policymaking bodies for nearly all the states, U.S. Trust Territories and the District of Columbia, has long been deeply involved in this critical task.

Our member boards are generally vested with responsibility under state constitutions and statutes for development of state policies for elementary and secondary education, including the setting of standards for basic skills, curricula, teacher qualifications and a great deal else. In addition, in all but eight states State Boards are charged with authority over vocational education, and in about one-fourth of the states they are responsible for higher education, including the community colleges where so much successful occupational training occurs.

Importantly, State Board members are also lay persons; many are prominent individuals in business and industry. State board members, like their counterparts in local communities - school board members, embody America's historic commitment to citizen control of education.

In these capacities State Boards are vitally concerned about the nation's high unemployment rate (especially among minority youth), about shifting labor force demography, and about the rapid pace of technological change in the labor market. We commend the sponsors and co-sponsors of these measures for addressing these and other urgent issues, and particularly for their focus on education for employment, as opposed to transfer payment and income maintenance approaches.

To enhance the thrust of these measures and heighten their chances for success, we urge that three fundamental points be kept in mind in the drafting of this legislation:

1. The need to emphasize services to at-risk youth, with the eligibility range extending from 14 to 25 years old.
2. The need to recognize education as a full and equal partner in this enterprise and to avoid wasteful duplication of services and institutions.
3. The need for legislative changes to reflect and respect the existing governance structure of education in the states--and especially to avoid any federal effort to set national education standards.

1. Provide Services to at-risk youth, ages 14-25.

We cannot stress too strongly the importance of concentrating the legislation on at-risk in-school as well as out-of-school youth in the eligibility criteria. The in-school/out-of-school distinction is an artifical way of delineating need, especially since youth programs under CETA have been shown to have beneficial results in encouraging potential dropouts to remain in school.

To neglect in-school youth who are at-risk is to neglect what business, government and others repeatedly have identified as critical to this effort: assuring basic competency in reading, writing and computation. The U.S. Chamber of Commerce, for example, has remarked, "We strongly support an emphasis on remedial and basic education because today -- and even more so tomorrow -- those who are unable to read are unable to work. Employers can train the disadvantaged who have received remedial basic education and employability training."

Similarly, the National Commission for Employment Policy, in its 1981 annual report, stated: "Clearly, basic skills are as important as specific vocational skills in the job market, and the educational system could be called on to play a greater role in teaching these skills to the disadvantaged."

The Commission also noted what common sense dictates: that in all likelihood "solving the youth problem would prevent development of the adult problem . . ." Specifically, the report stated that if youths "dropped out of school or graduated without having mastered the basic skills needed to get and hold a job, the risk of failure will persist into adulthood." This statement underscores the philosophy that it is better to prevent problems before they occur.

We believe that in-school basic skills development, occupational and employability skills training and work experience are all critical to deterring youth unemployment, and that only with a major role played by the educational system can we assure the largest gains for the largest numbers with the largest problems.

2. Avoid wasteful duplication of services and institutions.

Multi-billion-dollar investments have already been placed in education for employment at the state, local and federal levels. Of all monies allocated for employment training efforts, the National Commission for Employment Policy notes, 73 percent is expended by educational institutions.

Our educational systems, moreover, have had considerable experience and success in working with high-risk populations. Especially noteworthy have been the gains of disadvantaged youths under Title I of the Elementary and Secondary Education Act (now Chapter I of the Education Consolidation and Improvement Act). Secretary of Education Terrel H. Bell rightly has applauded this "as one of the best programs we have in the Department" and expressed "joy in the success of Title I."

Some people, we know, are skeptical of the education system's successes with the disadvantaged when they encounter youths who have not yet mastered basic skills. But it is essential to remember that Title I has been aimed at elementary school children, the level at which most federal aid has thus far been targeted. Few national resources have been concentrated on at-risk students in secondary school -- that terribly vulnerable population which soon ends up swelling the rolls of unemployed youth.

American society for nearly two decades has given public schools responsibility for solving almost every social problem in the nation. As Gene I. Maeroff of the New York Times has noted in his important book, "Don't Blame the Kids," the schools have been "overwhelmed" with mandates for school desegregation, for aiding all the handicapped, for special services to those with little or no proficiency in English, for countering sexual bias, to name some. In Maeroff's words, "Public education has been given a plethora of assignments exceeding anything asked of any other agency." Under these trying circumstances the educational system has made significant advances and gained invaluable experience, especially with disadvantaged elementary school children. This success can unquestionably be extended to the secondary level with appropriate resources and targeting of efforts. This is the critical need if we are to accomplish what we consider our most fundamental goal--an educated and productive citizenry.

Given the increasingly scarce resources available in these difficult economic times, we find it hard to justify the creation of a service system to duplicate that which the education system already has in place -- facilities, trained personnel, methodology, experience. Such a dual system could only be wasteful, further fragment the student population, and constrain the access of youth to basic educational and vocational opportunities.

Therefore, we urge that the final legislation contain a provision stating that:

> Education agencies shall be considered the most cost effective in providing the following services to youth -- assessment, testing and counseling; basic skills; occupational and career exploration; job holding and life survival skills -- unless, for good cause shown, another agency or organization is deemed superior, which cause shall be included in the local plan.

3. Recognition of Governance Structure for Education

We strongly support greater coordination among education, general government authority and business, which we consider to be vital to the success of this program. We believe that the central responsibility of the education system as a full and equal partner in the preparation of an educated and productive citizenry mandates the participation of education representatives on the local boards that will be responsible for local employment and training programs. Further, we feel that a state level education component is necessary to ensure that states will coordinate education and training policies and programs.

Thus, we recommend amendments to clarify and expand the role of education representatives on local governing boards of prime sponsors, labor market investment boards, or private industry councils. We also urge that state and local education agencies take a place beside governors and local elected officials to be explicitly authorized to review and comment on the educational aspects of prime sponsor plans.

At the state level, we urge that state boards and state departments be enabled to discharge their responsibilities to develop strong links between education and the overall employment and training system through a provision stipulating that part of the governor's coordination fund, or a separate fund, be devoted to this aim. A modest investment in such state educational linkages would promise a large return.

In this regard, we commend to you the testimony before the Senate Subcommittee on Employment and Productivity of Carnie Ives Lincoln, assistant secretary of the Connecticut General Life Insurance Company and president of the American Society for Training and Development:

> "One legislative device that might encourage better education-work relations would be designation of certain Federal funding for educators which could be used only for communications with employers about job markets and the knowledge and skills to perform in those jobs."

Finally, we would caution against any efforts to develop national standards to replace those created by state and local jurisdictions in response to specific constituents' needs.

A wellspring of experience with standard setting for minimum competency in basic educational skills currently exists among members of state boards of education. Thirty-nine state boards have now adopted minimum competency requirements at various levels in the education system and/or as a pre-requisite for the high school diploma. States also set standards for awarding the GED, and state boards have statutory and/or constitutional authority for setting and overseeing other educational standards as well.

We need scarely remind you of the controversies over national education standards which surrounded the creation of the U.S. Department of Education, proposals for national tests, and numerous other education measures. Just as the entire education community fought such proposals in the past, we are confident it would resist proposals to give the Secretary of Labor or others authority to establish such standards in this case. Basic competencies, in particular, have been a heated issue in most states, with no single standard emerging. We see no reason why this program could not abide by existing or newly developed state and local standards.

We commend you again for addressing this critical issue and for the opportunity to present our views. We stand ready to work further with your subcommittees in the hope of assuring the most effective program possible to prepare the nation's youth for employment, a goal which historically has been at the center of American education.

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

DOUGLAS A. FRASER, PRESIDENT RAY MAJERUS, SECRETARY-TREASURER

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March 17, 1982

RECEIVED
MAR [illegible] 1981
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

The Honorable Augustus Hawkins, Chairman
Subcommittee on Employment
  Opportunities
Committee on Education & Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. ~~Chairman~~:

Due to scheduling conflicts which were impossible to resolve (GM-UAW bargaining), the UAW was unable to have its witness appear personally as part of the labor panel during today's hearing on the subject of employment and training. We regret that unforeseen circumstances prevented us from doing so.

For your information, I am enclosing a copy of the statement which we are filing for inclusion in the hearing record. I hope you will take a few minutes to read the statement and that you will give our views your serious consideration. We particularly wish to invite your attention to the portions of the testimony directed to the plight of the "displaced worker". For obvious reasons, this problem is one of enormous significance to the UAW and its members.

Thank you for your consideration of the contents of the enclosed statement expressing the UAW's views on issues relating to employment and training.

Sincerely,

Dick

Richard D. Warden
Legislative Director

RDW:car
opeiu494

P.S.

Gus:

Please forgive our inability to participate today. We will appreciate this statement being filed for the hearing record. Thanks.

Dick

STATEMENT OF
SHELDON FRIEDMAN, RESEARCH DIRECTOR
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE, AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, UAW
BEFORE THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES AND THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
ON
EMPLOYMENT AND TRAINING POLICY

March 17, 1982

Mr. Chairman, my name is Sheldon Friedman. On behalf of our 1.3 million members, I thank you for this opportunity to express the UAW's views on employment and training policy, and to comment on the various bills which have been proposed to replace the expiring Comprehensive Employment and Training Act (CETA). We commend members of both subcommittees, Democrats and Republicans, for holding this hearing, which bespeaks recognition of the needs of the unemployed and the federal government's responsibility to meet those needs. We regret, however, that this important discussion must take place under pressure from the Reagan Administration to further gut the very programs most vital to help workers.

I am sure that it will not be news to any of you that joblessness in the auto industry is at depression levels. Some 250,000 auto workers are presently laid off indefinitely at the five prime auto companies alone. The unemployment our members have experienced during the industry's current disastrous 37-month slump makes the severe 1973-1975 recession seem like a picnic by comparison. Measured against their 1978 hourly workforce, the number of workers presently on indefinite layoff represents an employment reduction of 23 percent by GM, 40 percent by Ford, and 53 percent by Chrysler.

As a result of attrition, even these figures understate actual job loss; according to the Bureau of Labor Statistics, during December 1981, there were 295,000 fewer production jobs in the motor vehicle industry than in 1978, a decline of 38 percent. Including the impact on supplier workers, the U.S. Department of Transportation (DOT) recently estimated that 600,000 manufacturing jobs have disappeared from the nation's "auto-related employment base" since 1978, and that an additional 600,000 jobs could disappear from the industry by 1985.

To ease the present crisis and restore vitality to the depleted auto-related segment of the nation's industrial base, we have urged an end to disastrous tight money and sky-high interest rates, and prompt enactment of domestic content legislation (H.R. 5133). These steps are vital to help our economy's largest manufacturing industry get back on its feet.

Even if these badly-needed steps are taken, however, other measures are desperately needed to assist the thousands of indefinitely laid off auto workers who, under the most optimistic assumptions, have dim prospects of ever being called back to work. Many of the unemployed are hard-pressed minority workers, who make up 11.2 percent of the nation's total workforce but 22.4 percent of the workers in auto. The disastrous loss of well-paid auto-related jobs threatens to undo two decades of economic progress by black workers.

The present situation in auto differs greatly from past downturns. Unlike prior recoveries, the long-overdue recovery of domestic vehicle sales and production if and when it occurs, cannot be relied upon to restore employment to past levels. The interplay of a mature market, changes in vehicle mix and driving habits, an uncertain energy future, skyrocketing imports of vehicles and parts, and the introduction of new technology into the workplace on an unprecedented scale, all mean that there will be thousands fewer auto-related jobs, not only today but in the long run. Even if the industry recovers, thousands of former auto workers, and scores of auto dependent communities across our country, face a long and painful process of adjustment.

Yet instead of being assisted, our laid off members have suffered the indignity of unceremonious loss of their federal "safety net" at the worst possible time. Tens of thousands of unemployed auto workers have exhausted their Trade Adjustment Assistance allowances and unemployment insurance as a combined result of budget cuts and the duration of their joblessness. Last year, length of unemployment among jobless auto workers averaged 26 weeks. Their duration of joblessness was close to double that of all workers and was 2½ times longer than in 1979. Prospects of finding a satisfactory new job are bad and rapidly getting worse. Unemployment rates in major auto producing states are in double digits: 16.1 percent in Michigan, 12.2 percent in Ohio, 13.9 percent in Indiana, 10.1 percent in Illinois. In Michigan, unemployment has been in double digits for two consecutive years. In Detroit, unemployment is a staggering 18.4 percent, and in Pontiac it is a shocking 26.2 percent. Other cities in the Industrial Midwest have been similarly hard-hit: Toledo, 12.6 percent; Saginaw, 16.0 percent; Flint, 16.5 percent; Anderson, Indiana, 17.7 percent.

There also has been sizable job loss in other major industries in which the UAW represents workers, not just the auto industry. In the agricultural implement industry production worker employment is down by almost 20 percent from the peak of 1979.

Nationwide unemployment has reached a crisis level. Over 9½ million American workers are jobless, 8.8 percent of the country's workforce. Since last July, the job market has deteriorated rapidly. Over the past seven months, close to 2 million workers have been added to the ranks of the unemployed, with no group escaping rising unemployment. Tragic as these figures are, they hide the true severity of the problem. The 5½ million workers who cannot find full-time jobs and who must work part-time are excluded, as are the more than one million discouraged unemployed.

Completely uncounted are the mammoth social costs of unemployment: higher rates of mental illness, child abuse, robbery, alcoholism, and suicide.

And the outlook is bleak: more workers will suffer from joblessness before this recession is over. Many private economists are predicting an unemployment rate of 9½ percent or higher before the current recession subsides. Even top Administration officials — the Treasury and Commerce secretaries — have predicted that the current recession will drive unemployment to 10 percent this year.

The Administration Abandons Its Responsibility

Regrettably, the Reagan Administration's response to this unfolding crisis is not to ease the difficulties facing the unemployed by creating jobs and expanding training programs; rather, they seek additional program cuts. Almost from its inauguration this Administration has made employment and training a target for budget cutting. In the current fiscal year the President sought and successfully put in place cuts which are expected to reduce total spending for employment and training by more than 40 percent from the FY 1981 level. Almost $3½ billion in spending was cut from programs authorized under CETA. Elimination of public service employment reduced the number of CETA participants by 500,000 in the current fiscal year, and cuts in training and youth programs eliminated another 650,000 participants.

For fiscal 1983, outlays for employment and training authorized under CETA would total only $2.2 billion, about half of what will be spent this fiscal year and a drastic 73 percent cut compared with FY 1981. Only 1.3 million persons would be able to participate. This would mean a further 700,000 reduction in public employment and training opportunities, bringing the total decline in slots to nearly 2 million since FY 1981. By contrast, Sweden — a country whose population is barely 4 percent as large as ours — will spend $1.5 billion on labor market programs this year.

Employment and training services for workers who have lost their jobs because of imports would be further weakened. Workers formerly eligible for training under the Trade Adjustment Act would compete with other groups for drastically reduced funds.[1] In FY 1983, spending for the special targeted groups program would be cut by three-fifths or $418 million. At the same time, weekly cash TAA benefits would be eliminated.

The President has also proposed a ban on the use of training funds to pay stipends to workers enrolled in training. This will effectively shut out many who are most in need of retraining, because they lack the resources to support themselves and their families while enrolled.

To make matters worse, the President would cut 15 percent from spending for all levels of education. These cuts would include, among other things, reductions in outlays for vocational and adult education, and for higher education student aid.

We do not understand how an Administration allegedly committed to stimulating capital investment can so blatantly ignore human capital needs which are every bit as important to the nation's economic future as up-to-date plant and equipment.

Jobs, Training and Full Employment: A Federal Responsibility

Apparently this Administration does not believe employment and training should be federal government responsibilities. We strongly disagree. Employment and training programs must be an integral part of this country's effort to attain and sustain full employment, a prime responsibility of the federal government.

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[1] For details, see Statement of Leonard Page, UAW Associate General Counsel, submitted to the Subcommittee on Trade, House Committee on Ways and Means, February 26, 1982.

The Employment Act of 1946 declares that it is the continuing policy and responsibility of the federal government to use all practicable means to create and maintain employment for those able and willing to work. The Full Employment and Balanced Growth Act of 1978 strengthens and supplements this decades-earlier legislation by establishing a national goal of full employment, a set of programs to meet that goal, and a process for enacting those programs.

Jobs _must_ be provided in the public sector when the private sector fails to provide them. There is plenty of useful work to do in rebuilding our nation's shattered industrial foundation. Our railroads, highways, airports, seaports, streets, bridges, sewer systems all are in dire need of refurbishing. This public investment would enhance our industrial capability and at the same time provide meaningful work for thousands of the unemployed.

Employment and training programs alone cannot solve our economic problems. However, in concert with sound fiscal and monetary policies which produce stable economic growth, employment and training programs can move us toward the elusive goal of full employment.

CETA Has Worked

Since 1973, CETA has been the nation's principal vehicle for assisting Americans in need of public employment and training services. The goals of CETA — better employment opportunities, greater self sufficiency, higher earned income — have had the UAW's strong support.

Although evaluative data are scarce, the findings are consistent: CETA has been a good investment for society. A recent analysis by the National Council on Employment Policy found that every dollar invested in on-the-job training returned $2.28 in benefits to the community. Every dollar spent on classroom training returned $1.14 to society, while each dollar spent on Job Corps returned $1.39.

Participants in classroom training earned an average of about $400 more a year than a comparable group not in training, and those trained on-the-job earned $600-$800 a year more.

The two public employment programs terminated at the end of FY 1981, against our strong objections, were successful. A review of PSE by Professor Briggs of Cornell University supports this view. Those who participated in PSE programs had significant post-program wage gains. In one major study, it was found that real wages were 16 percent higher after completing PSE enrollment, compared with the enrollees' last pre-PSE job. According to another study, there was a $250 higher average annual post-program income gain for PSE participants, compared with a "matched" group of non-participants. Yet another study found that within one year after leaving the program, 70 percent of the enrollees, on average, had found other employment.

In its countercyclical role, public service employment was an effective instrument of fiscal policy for the nation, and in its counterstructural role, it was a beneficial human resource development program.

Direct UAW Experience With CETA[2]

Our own direct experience with CETA, and its predecessor the Manpower Development and Training Act, reinforces our view that employment and training programs can be meaningful and effective, and can make a significant contribution toward building a better society. Unfortunately, budget cuts have forced drastic cuts in these UAW-administered programs, just at a time of unprecedented need.

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[2] For additional details, see statement of Sheldon Friedman, Research Director, International Union, UAW, on the Employment Crisis in Auto before the Subcommittee on Employment and Productivity, Senate Committee on Labor and Human Resources, January 11, 1982.

In the last 16 years the UAW has been granted ten successive OJT Prime Contracts with the Labor Department, totaling $17.5 million, to train and place 14,192 individuals. We did better than that, having placed in excess of 18,300 individuals to date. In addition, we have conducted pre-apprenticeship programs in the metalworking industry, and have operated training and job placement centers in more than thirty communities.

In October 1980 we modified our current OJT contract to provide counseling services for the unemployed. Crisis Centers were established in ten target cities throughout the country. Through October of last year, these Centers provided assistance to more than 700,000 unemployed individuals. Despite the obvious value to the unemployed who received counseling, our funds were cut off as part of the FY 1982 budget cuts. This forced us to eliminate most of our program and close the ten Crisis Centers.

We are dismayed by the heartless dismantling of vital — and successful — union-administered programs of this kind. Such dismantling should be halted and reversed. Successful programs run by the UAW and other unions deliver urgently-needed services to the unemployed in terms of crisis intervention, counseling, training, job search assistance and the like. These programs must continue to be funded at adequate levels.

Special Needs of Displaced Workers

As noted earlier, the ranks of the unemployed who have been permanently displaced from auto and other basic industries have swelled to enormous proportions. Particularly in cases where their plant has closed, such individuals are often long-service workers, with painstakingly-acquired specific skills that are of limited applicability outside their former industry. They typically are prevented from moving by family responsibilities, and by inability to sell their homes — often their entire life savings — due to depressed local housing market conditions. The needs of such workers for comprehensive labor market and other public assistance have become increasingly acute. While the UAW in no way wishes to see reduction in public employment and training services for those who are already disadvantaged, it is a cruel irony and grossly unfair that workers displaced from auto and other basic industries presently are denied otherwise-available assistance because they are "guilty" of having a prior history of lifelong gainful and remunerative employment. To force such workers to endure months of unemployment without assistance because of the bureaucratic notion that such assistance should be restricted to the "disadvantaged" does a disservice not only to the unemployed worker, but also to the American public. Appropriate intervention is more likely to be successful if it is timely, not months or years after the displaced worker becomes unemployed. Demeaning and irrelevant "means tests" deter thousands from seeking vitally needed assistance. We are therefore gratified that several of the bills under consideration contain recognition of the special problems faced by displaced workers. Even the best of the bills, however, falls far short of what should and could be done.

It is shocking how little we have learned from the experience of other industrialized countries in designing our employment and training programs, particularly with regard to displaced workers.

Among the things which are needed if a comprehensive displaced worker employment and training program is to be successful are the following:

- Notice
- Flexibility to tailor assistance to specific situation
- Crisis Intervention
- Targeted employment creation
- Availability of comprehensive range of services and assistance

Notice. When a plant upon which a community's economic lifeblood depends is about to close, adequate lead time is essential if appropriate programs to assist affected workers are to be successfully developed and implemented. Yet virtually alone among the major industrialized countries, the U.S. does not require advance notice of major plant shutdowns. The absence from all of the bills under consideration of any plant closing or mass layoff notice provision will hamper the effectiveness of assistance provided to displaced workers.

Flexibility. Current employment and training programs tend to be rigidly spelled out and limited in scope. Instead of molding the program to the needs of the unemployed, too often just the reverse happens. Worse yet, just when additional measures are needed to cope with a massive local dislocation crisis, adequate funding may not be available due to inability to raise matching funds locally, or because of predetermined rigid funding ceilings set without regard to current needs. Instead, a far greater measure of flexibility is needed to tailor programs to the specific needs of the unemployed.

Crisis Intervention. Unemployment is often a profoundly traumatic experience, particularly for displaced workers whose identity is closely bound up in careers to which they have devoted a lifetime of service. Often in such cases the availability of coordinated crisis intervention and counseling services, such as family and credit counseling, are a pre-condition for success of other forms of assistance.

Targeted Employment Creation. Often displaced workers are trapped in aging industrial communities which have undergone massive erosion of their economic base. Relocation to other areas may be a solution for a small minority of the most mobile and most highly skilled workers, but that only compounds the problems of the community they leave behind. Such communities vitally need assistance to build a new economic base on the solid foundation of an emerging growth industry. No amount of training or job search assistance will solve such a community's economic problems if alternative employment is not created.

Need for Comprehensive Assistance. The "menu" of employment and training programs has been far too limited historically. Other industrialized nations such as Sweden are far ahead of us in this regard. Their experience is worthy of careful study. If this is not the time for bold new departures in employment and training policy, provision should at least be made for innovative pilot programs which the nation can build upon in the future. Such pilot programs should be designed only after taking account of a wide range of input from organized labor, the business community, government at all levels and academia, and should be based in part upon a careful review of the applicability of the best aspects of other nations' experiences.

Labor Market Implications of Defense Build-Up

No current discussion of employment and training policy would be complete without reference to the impact on the labor market of the enormous defense build-up contemplated by the Administration. Though we believe this massive increase in defense spending is misguided and wasteful, nevertheless such an increase appears to be the order of the day. If so, it is incumbent on the Administration and Congress to take appropriate steps to facilitate redeployment of the nation's resources from civilian to military uses, in such a way as to mitigate the inevitable adverse impacts of this transition upon the civilian economy. In this regard, proper public employment and training policies are critical.

The massive unemployment which now exists creates the potential for a smoother transition, but that will not happen in the absence of active government intervention, in the form of carefully designed and targeted retraining programs, relocation assistance, procurement policies, and the like. We urge that these and other related matters receive the Congressional attention they deserve, in order to mitigate inflationary "bottlenecks" and resultant damage to civilian companies, and to target job opportunities toward those who are now unemployed. Regrettably, none of the bills presently under consideration addresses these issues adequately.

Other Issues

Beyond meeting the special needs of displaced workers, the nation's employment and training program should develop new skills that will lead to long-term employment opportunities. Those opportunities should consist of well-paid skilled jobs, not dead-end minimum wage jobs which do little to enhance the economy's productivity or improve the lives of program participants. Special employment and training programs must also be directed toward workers whose skills have become obsolete due to changes in technology.

If programs are to meet workers' needs, labor participation is a necessity. Labor should be an equal partner with business and government in the planning, design and implementation of employment and training programs, to assure that the programs are effective and responsive.

Labor standards to protect workers' interests and prevent employer abuse must be guaranteed. Guarantees regarding wages, benefits, working conditions, and protections against displacement of regular workers are necessary to assure equity for those participating in the programs, and to protect incumbent workers.

Public service employment is a vital ingredient of a national employment and training program, alongside job placement, job training, and other important aspects of the total program.

Adequate stipends for those enrolled in training programs are necessary; without them, many workers would lack the financial resources to support themselves and their families while they are in training. Medical and life insurance should also be provided.

Private-for-profit employers should not be rewarded with direct wage subsidies or through the tax system, for activities which they normally would undertake in the absence of the subsidy. Wage subsidies can result in the displacement of regular workers, and participants can find themselves out of work when the subsidy runs out.

Finally, all programs should be 100 percent federally funded. To require any amount of matching state funds can preclude assistance to many economically distressed areas, often at the worst possible time, particularly in cases when an area is heavily dependent on a single distressed industry or employer.

Four Bills Before the Subcommittees

We commend the sponsors of these bills for their efforts, but frankly none of the bills under consideration is fully satisfactory. None contains in full the key elements which we deem essential to the effectiveness of a comprehensive national employment and training program, nor would any of the bills authorize sufficient funds to meet the current need.

1. Community Partnership for Employment and Training Bill (H.R. 5320)

Congressman Hawkins' Community Partnership for Employment and Training bill comes closest to what is needed among the proposed bills.

His bill addresses the employment and training needs of the disadvantaged, and of displaced workers. It recognizes that serving the needs of both is not an either/or proposition. Under the proposed displaced worker program, workers who have been permanently laid off, are facing permanent layoff, or who have obsolete skills would be eligible for re-employment services including job search assistance, retraining, relocation assistance, and various personal support services. Labor would have a prominent role, since labor consultation and approval would be required during program planning and implementation.

Other "pluses" in the bill include recognition of the importance of maintaining labor standards; prohibitions against worker displacement; continuation of labor-administered, local training programs; continuation of allowances to those enrolled in training (including the displaced worker program); public service employment; and a new countercyclical program to target resources to communities suffering high unemployment.

Unfortunately, the bill does not give labor an adequate voice in overall planning of the employment and training effort, apart from the displaced worker program. Instead, business-dominated "private industry councils" would have joint responsibility with the prime sponsor for planning activities; labor's input would be be confined to minority representation.

Also on the "minus" side, performance standards would emphasize job placement without regard to skill development. Wage subsidies for private employers who hire youths aged 16-19 would be permitted, giving rise to the risk of displacement of adult workers. States would be required to fund 50 percent of the displaced worker program, placing a heavy burden on economically distressed areas at the worst possible time.

The Community Partnership for Employment bill would authorize $5 billion in FY 1983, including $3 billion for services to the economically disadvantaged, $500 million for displaced workers, and $1.5 billion for national programs. The proposed funding level is the highest among the four bills, as is the authorization for the displaced worker program.

Even these funding levels, however, would be less than half the amount that was spent on employment and training in fiscal 1980 when the job market was healthier and unemployment was two-thirds of what it is now. The $500 million for the displaced worker program would translate into very limited resources on an individual worker basis. Though no data are presently tabulated, it can be conservatively estimated that at least 2½ million workers a year fall into the "displaced worker" category.[3] If so, $500 million would amount to $200 per year for each displaced worker.

2. Training for Jobs Bill (S. 2036)

This bill also targets resources both to the disadvantaged and the displaced. Potential services to displaced workers include job search assistance, retraining, relocation, and support assistance.

Unfortunately, the bill also has similar drawbacks: states would have to provide half the funds for the dislocated worker program; labor would be denied an adequate voice, as business-dominated "PICs" would make the important decisions; full wage subsidies for six weeks would be available to private employers; and performance standards would not take into account skill level.

There are also additional drawbacks not found in the Community Partnership for Employment and Training bill. "Training for Jobs" would not even require labor consultation or approval in the dislocated worker program, nor would it protect labor standards, provide stipends during training, or allow subsidized public service employment. Furthermore, it is not certain whether labor-administered programs would be continued.

Funding would be $3.9 billion in FY 1983, including $836 million for national programs, $226 million for state-wide programs, $2.7 billion for state and local service delivery areas, and $100 million for dislocated workers. At $3.9 billion, total funding would be less than two-fifths of what was spent in fiscal 1980, and funds available for the dislocated worker program would amount to only an estimated $40 per worker.

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[3] Estimate based on work by Professors Barry Bluestone and Bennett Harrison in which they found that 15 million U.S. workers became victims of plant shutdowns between 1969 and 1976 — an average of 2½ million per year.

3. Productivity and Human Investment Bill (H.R. 5461)

This bill contains certain provisions which appear similar to the other two bills, but it is encumbered by more restrictive language which limits its potential effectiveness.

For example, with respect to the displaced worker programs, to receive assistance a worker not only would have to be permanently laid off, but would also have to meet certain family income/earnings requirements. Requiring a "means test" in such a program would completely defeat its purpose.

The bill would provide for public service employment, but such jobs would pay only the minimum wage and would be of short duration.

Other problem areas include inadequate labor input, wage subsidies to private employers, lack of labor standards protection, no assessment of skill levels, and limited supportive services.

Some $4.0 billion would be authorized in fiscal 1984, including $2 billion for labor market area "investment" activities, $600 million for state responsibilities and $1.4 billion for federal responsibilities — leaving only $70 million for displaced workers, an estimated $28 per worker.

4. Job Training Bill (Draft of 2/22/82)

The Job Training bill -- the Administration's proposal — fails to satisfactorily address any of our key concerns. It is a totally unacceptable framework for this country's employment and training effort.

The bill targets limited resources primarily to welfare recipients and disadvantaged youth. The needs of displaced workers are completely ignored. While displaced workers are listed in the bill as one of the groups with special employment problems, no specific program would be established to help them. In order to get any assistance at all, displaced workers would have to compete directly with other needy groups for very limited funds.

Unlike the other three bills which provide for control by local government and require compliance with federal standards and policies, complete control over programs and funding would be given over to governors and business-dominated state job training councils. Governors would have authority, among other things, to plan and fund programs in local areas without the consent of local officials, and to appoint business dominated PICs to approve local job training programs without the consent of local officials or input by labor organizations. There would be no provision for continuation of current national programs operated by unions or community-based organizations.

Stipends for trainees would not be permitted, and no public service jobs would be created. While there is provision to prevent worker displacement, there are no prevailing wage or benefit protections. Performance standards would not assess skill level achieved, and would stress cost effectiveness which will lead to the teaching of only the most basic skills that can be learned in the shortest time.

Only $2.4 billion would be authorized for FY 1983, the smallest amount among the four bills, and barely one-quarter of the FY 1980 spending level.

Conclusion

In conclusion, I welcome this opportunity to present the UAW's views on the vital issues facing your committee. Sound and adequate employment and training programs are an important aspect of the overall economic policies which are needed, if our faltering economy is to be nursed back to health, and the legitimate aspirations of our people are to be realized. We regret that at a time of unprecedented need, the Administration has seen fit to abdicate this key responsibility of government, and to embrace such abdication as a philosophical tenet. We only hope that as a result of your efforts, the Congress can mitigate some of the resulting damage to our country.

Thank you.

ATTACHMENT

Unemployment Rates in Select Major Industrial States

	February 1982 (Actual)
Michigan	16.1%
Ohio	12.2
Pennsylvania	11.0
Illinois	10.1
Indiana	13.9 (Jan)

Select Major Metropolitan Areas Where Unemployment Rate Exceeds State Rate:

	December 1981 (Actual)
Michigan	14.4%
Detroit	15.0
City of Detroit	18.4
Pontiac	26.2
Flint	16.5
Saginaw	16.0
Ohio	11.8
Toledo	12.6
Youngstown/Warren	15.9
Pennsylvania	9.3
Johnstown	14.7
Illinois	8.4
Davenport/Rock Island/Moline	11.7
Indiana	12.4
Anderson	17.7
Gary/Hammond/East Chicago	14.6
Muncie	16.6

Source: U.S. Department of Labor, Bureau of Labor Statistics.

STATEMENT OF JOHN T. DEMPSEY, EXECUTIVE DIRECTOR OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY LABOR AND HUMAN RESOURCES COMMITTEE

U.S. SENATE

Mr. Chairman and Members of the Subcommittee,

I am filing this statement on behalf of the Ohio Association of Community Action Agencies relating to S. 2036, the Training for Jobs Act. We wish to speak with you today about employment and training programs with respect to the current nationwide employment crisis, and with particular respect to the crisis in the state of Ohio. In January 1982, the national unemployment rate was 9.4%. In Ohio it was 11.9% and climbing. We have more than half a million unemployed workers in our state, many of whom have been laid off industrial jobs with little hope of any future employment in their particular skill area. Our factories are closing, our mills are shutting down, our wholesale and retail growth is at a minimum. There is little hope for experienced, skilled workers to obtain equivalent re-employment in our state, let alone hope for inexperienced, unskilled youth to make a place for themselves in the current job market.

You all are aware of the critical need for youth employment and training programs. Youth must be given an important and secure place within this legislation. It is with the young that our future rests, and we encourage you to continue and strengthen your emphasis on the youth of our country in this legislative effort.

However, retraining programs for experienced workers seeking entrance into new trades and new careers must not be overlooked if states like Ohio are to survive the current employment crisis without bankrupting their treasuries or their populations.

As you consider the various proposals for employment and training legislation, we urge you to consider not only the provision of adequate funds for youth and retraining programs, but specific components of the legislation that will facilitate effective program delivery.

Ohio has, as do most states, a fine network of community action agencies (CAA's) with extensive experience in serving the economically disadvantaged persons in their local areas. These agencies play a vital role in employment and training services. In Ohio, for example, 70% of all intakes performed in the Balance of State (BOS) in 1980 were accomplished by CAA's. They served a total of 38,542 applicants at a cost of $27 per participant. In fiscal year 1980, a total of 59,117 referrals were made to Title IV and Title II in the Balance of State. Of this total, 87% were made by community action agencies. Because of their experience, we urge you to provide a preference for community action agencies--and other community based organizations (CBO's) that can demonstrate equivalent experience--with all employment and training bodies in the selection of service providers. Because of their qualifications, community action agencies should be designated as the presumptive service deliverers in employment and training programs. This would guarantee continued service delivery with minimum disruption and thereby facilitate the transition from current CETA programs to the programs mandated by the new legislation, ensuring retention of qualified, experienced service workers under the new system.

We also suggest that private industry councils (PIC's) should have community action representatives specified as members to ensure that each PIC has adequate contact with the entities closest to the persons for whom the programs are designed. PIC's should be required to subcontract no less than 100% of the funds at their disposal (excluding administration and on the job training (OJT) funds) in any fiscal year, and should not be eligible subrecipients themselves. This would ensure maximum program participation by independent private entities and secure the very desirable separation of the planning, certification, and review authority from program operation.

With regard to stipends or allowances for employment and training participants, we urge you to provide this assistance even in cases where the participant is not eligible for or receiving other benefits. To do otherwise would, very simply, continue the hardships that the programs attempt to alleviate. For retraining programs, relocation assistance should also be allowed.

We also urge you to ensure that provisions for work experience as well as on the job training be provided in your legislation to allow flexibility in planning for and meeting employment and training needs among the economically disadvantaged. Publicly subsidized employment (such as public service employment (PSE), Civilian Conservation Corps (CCC), and others) should be allowed to help counteract the problems of cyclical unemployment that impact particularly on rural areas.

We applaud the obvious concern for the needs of the unemployed that has accompanied all your efforts to construct this legislation. We would appreciate the opportunity to testify in any future hearings and, of course, will be available at your convenience to provide additional information regarding the Ohio perspectives we have briefly described.

Mayor's Office of
Employment and Training

180 North La Salle Street
Suite 800
Chicago, Illinois 60601
312/744-7863

Jane M. Byrne
Mayor

Reginald V. Brown
Assistant to the Mayor
Employment and Training

March 30, 1982

Mr. Robert Guttman
Employment and Productivity Subcommittee
4230 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Guttman:

As that portion of the advisory council to the Prime Sponsor of the City of Chicago devoted to developing strategy for employment and training programs we have outlined our recommendations for the design of new national employment and training programs.

We are submitting these recommendations (3 copies enclosed) to be included in the Subcommittee Hearing records. We thank you for this opportunity to have input into the reauthorization debate.

Sincerely,

Brother Edmund Baran

Brother Edmund Baran
Acting Chairperson
Strategy Committee of the
Chicago Manpower Planning Council

BEB:MW:mlr
Attachments:(3)

SOME ESSENTIAL ELEMENTS IN WELL DESIGNED EMPLOYMENT AND TRAINING LEGISLATION

Adequate Funding

Federally funded employment and training programs are a matter of "economic necessity". This was the finding of Senator Dan Quayle and legislators of all political philosophies who studied the need for these programs. They are essential because they are an investment in human capital, our nation's most precious resource. The return on this investment will come in many forms: an increased national income resulting from the increased productivity of the individuals served; a reduction in the economic costs and dislocation resulting from acute shortages of skilled workers; and a reduction in the costs of all forms of welfare and other social services needed both to support the non-productive worker in the short-run and to deal with the long run social costs of a population not participating in the nation's economy. It will cost the American people more in hard public dollars not to make this investment than to make it.

To this end, the Strategy Committee of the Manpower Planning Council of the City of Chicago urges that adequate resources be devoted to this task.

1. The Committee supports the $5 billion funding level proposed in the Hawkins Bill.
2. There should be no impediments in the legislation to the supplementation of federal with non-Federal (both private, state and local) resources, including facilities, equipment and personnel.

Simplified, Well Designed Program

Employment and training programs must be designed so as to permit good management. This is not the case with the present CETA program where: 1) the multiplicity of distinct individual programs, each with it's own separate requirements; (2) the multiplicity of goals (often conflicting) including service to numerous target groups; 3) the continually changing program objectives; 4) the high level of uncertainty, resulting in large part from continually changing funding levels; and 5) the obsession with the minutiae of process (embodied in the regulations) as opposed to performance in meeting program goals, all combine to make truly high quality management impossible.

To avoid these problems the Committee has a variety of recommendations.

1) It supports the concept of a single basic grant to serve the economically disadvantaged.

This concept is embodied in both the Quayle and the Hawkins proposals and would simplify the program design, thus permitting improved management.

2) It recommends a vastly simplified, uniform eligibility standard.

Both Quayle and Hawkins Bills meet this requirement by providing a single income criterion, with a waiver for 10% of participants who have other barriers to employment. MET supports these criteria.

3) Goals of the program must be limited, reasonable, achievable and non-conflicting. To this end, secondary program objectives must not be included in the legislation as additional Federal mandates but determined at the local level. So,

- the specifics of program design must be locally determined, and
- target groups within the disadvantaged population must be locally determined.

Both Quayle and Hawkins proposals meet these criteria.

4) Oversight of the program should be accomplished through evaluating against well designed performance standards--not through the detailed regulation of process. Regulations and reporting must be limited to that which is essential.

Both Quayle and Hawkins include performance standards against which the program administrator is evaluated. Failure to meet these standards for two years will lead to the designation of alternative service deliverers.

The Committee supports the use of performance standards in these bills. Only limited essential regulations should accompany these standards.

5) Planning and funding cycles should be at least two years in length. Once determined, funding levels should not be changed, and programs should be left to operate with minimal federal interference.

This multi-year planning/funding cycle is an essential component of a future employment and training program.

The Hawkins, Quayle and Jeffords proposals all move in this direction. Jeffords calls for a two-year planning cycle, Quayle for a program year starting July 1 to permit advance notice of funding for planning, and Hawkins for a two-year funding cycle for LMA consortia and those Primes coordinating planning with Federal programs. While all these are improvements over the present arrangement, the Committee urges a two-year planning and funding cycle for all local service deliverers.

Local Program Administration and Control

The administration and control of local employment and training programs should be in the hands of local governments. Adding state governments as an intermediary for locally delivered programs will only increase costs and bureaucracy without adding any substantial benefits. This would be a sad wrong for an Administration dedicated to reducing unnecessary government. Local governments are closer to their constituencies and can thus better know their needs. Joint city/state say in the control of locally delivered programs would not be effective. Also, the expertise for operating employment and training programs is at the local level. Removing authority from this level will require a "reinvention of the wheel". Finally, a major change in the system for program administration and control cannot help but impair the delivery of services to the economically disadvantaged. The Committee contends that the state should not have administrative, planning or funding authority over locally delivered programs.

The Committee makes the following specific recommendations.

1) Local service delivery areas should be designated by statutory formula and not by the state. The minimum population may be increased to reduce the present large number of delivery areas.

   The Hawkins Bill, with its continuation of the present Prime Sponsor designation, comes closest to this recommendation. Although both Quayle and Jeffords Bills give presumptive statutory designation to areas over a reasonable minimum population, there is some risk in each Bill that local service delivery areas could involuntarily loose their independent designation. In sharp contrast, the Administration's proposal gives all authority in this realm to the state.

2) Basic funding allocations should be given to the local service delivery area by legislative formula.

   While all proposals include a formula funding allocation to local areas, they differ in the degree to which the state may impose conditions on this allocation. In the Quayle and Jeffords proposals the state may withhold allocations pending its approval of the plan; the Administration gives the state an even greater role. The Committee supports the Hawkins bill which includes no state conditions for local funding.

3) Program planning and administration for the local service delivery area should be at the local level. Designation of the planning/administrative body (or the criteria for such bodies) should be part of the legislation, and not impacted by the state.

   Planning is statutorially assigned to the local level in the Quayle, Hawkins and Jeffords Bills. Only the Administration proposal has planning done at the state level. Power to designate the program administrator is given to the state by both the Administration proposal and the Quayle Bill. Hawkins and Jeffords Bills statutorially assign local administrative responsibility; MET supports this statutorial assignment.

Private Sector Role

1) The role of the private sector should be increased in employment and training programs.

2) The private sector should have a significant voice in the specification of skills, traits and experience needed and thus in the development of curricula for employment and training programs.

Allowances

A large portion of the funds allocated for employment and training programs is now utilized for income support in the form of allowances. This diverts resources from the primary purpose of the program and sometimes provides non-essential income to participants. However, some participants are dependent upon allowances received while in training to meet essential income needs.

1) To avoid these problems the Committee recommends that participant cost stipends and subsistance allowances be provided. A subsistance allowance would be designed to bring a participant up to a minimal income level. Those exceeding that level would receive no allowance.

Participant cost stipends and subsistance allowances are included in the Jeffords Bill and the Committee supports these recommendations.

Liability

1) There should be a distinction between fraud and unintentional errors. There should not be a 100% liability on funds spent erroneously without intent to defraud.

2) Any private sector responsibility for program operation should be accompanied by appropriate liability for that responsibility.

AICS

Association of
Independent Colleges and Schools

Executive Vice President
Stephen B. Friedheim, CAE

STATEMENT
BY
STEPHEN B. FRIEDHEIM, PRESIDENT
ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS
- AICS -
BEFORE JOINT HEARINGS OF
THE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
OF
THE COMMITTEE ON LABOR AND HUMAN RESOURCES
U. S. SENATE
AND
THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
OF
THE COMMITTEE ON EDUCATION AND LABOR
U. S. HOUSE OF REPRESENTATIVES
CONCERNING
TRAINING FOR EMPLOYMENT

March 31, 1982

1730 M Street, N.W. Washington, D. C. 20036 (202) 659-2460

Messrs. Chairmen, and members of the Subcommittees:

I am Stephen B. Friedheim, President of the Association of Independent Colleges and Schools (AICS). On behalf of the 525 member institutions of AICS, a national organization, I wish to express our appreciation for the opportunity provided by these joint hearings to comment particularly with regard to S. 2036 and H.R. 5320 and issues involving the participation of non-public vocational schols in job training programs.

We feel we share with the Committees a deep concern about the need to improve and extend the programs designed to provide job training. Before proceeding to those specifics, I would like to describe for background purposes that area of postsecondary education with which AICS and its member institutions are involved.

AICS

The Association of Independent Colleges and Schools (AICS) was founded in 1912. Its present membership includes some 525 institutions, enrolling approximately 400,000 students. All the institutions are postsecondary, with approximately 25% of the institutions being degree-granting. The programs of education offered in the institutions are predominantly career-oriented, with such areas, for example, as secretarial science, business administration, accounting, and data processing. All AICS institutions are non-public institutions. Predominantly the institutions, by form of governance, are proprietary, although a significant number are organized as tax-exempt institutions. In common with all non-public institutions, they are either entirely or primarily tuition-dependent for operating revenues.

Because there is no "typical" AICS institution, as there is no "average" business school, it is perhaps a little more difficult to premise my remarks in the institutional framework. In contrast with the more conventional associations normally associated with the umbrella of the American Council on Education (ACE), such as the land-grant colleges (the National Association of State Universities and Land-Grant Colleges), the junior colleges (the American Association of Community and Junior Colleges), the great research universities (the American Association of Universities), the state colleges (the American Association of State Colleges and Universities), the more conventionally organized independent colleges, largely four-year institutions (the National Association of Independent Colleges and Universities), or the public area vocational schools associated with the American Vocational Association (AVA), there is tremendous diversity among AICS institutions. With the permission of the Committees, and for the completeness of the record, I would like to file a copy of the current Directory of Institutions published by the Accrediting Commission of AICS. It might be helpful to the members of the Committees to have available the names of member AICS institutions in each of the respective states or districts.

JOB TRAINING LEGISLATION

We have reviewed both H.R. 5320 and S. 2036, which are designed to provide job training and employment assistance programs. AICS schools have long experience with substantial participation in similar programs of Vocational Rehabilitation, the older Manpower Development and Training

Act (MDTA), and the Trade Act of 1974, as well as the current Comprehensive Employment and Training Act (CETA), particularly under Title II for institutional training. We hope the measure finally recommended will preserve the equal availability of non-public vocational schools to implement any new programs. We have a high degree of concern that the needs of the students and the objective of the program, employment, will remain paramount to efforts by any special interest group to control or monopolize the type of facilities which would be used to achieve the goals, skill training and employment. AICS schools wish only to be equally available for utilization by community-based organizations to help carry out the purposes of the measure. AICS institutions are not reluctant to be performance measured along with public or nonprofit vocational schools in any system utilizing objective criteria. Our concern is that the control over choice of facilities may wind up in the hands of those not inclined to utilize non-public vocational schools even where such schools can provide the job training more expeditiously, efficaciously, or economically, or any combination of the foregoing.

Based on 19 years of operating exclusion from participation in the Vocational Education Act of 1963, we feel our fears are well grounded. As you know, the Vocational Education Act contemplates provision of publicly financed vocational training both in public institutions and under contract in non-public vocational schools. Other than a few token programs, the contract authority of Voc. Ed. is unused. This is in startling contrast to the successful use of non-public schools for many years under such programs as Vocational Rehabilitation, Trade Act of 1974, MDTA, and the current CETA program. We urge that this option remain available in any new job training program. We also urge that the system administering the option not be answerable to any particular vested interest group which might limit the use of institutions on any bases other than objective accountability.

S. 2036

Some particular comments we have are:

1. We suggest the non-public vocational schools are a significant segment of the community which provide employment training. Therefore, we suggest Sec. 103(b)(B) should be amended to include within each private industry council representatives of education, public and non-public. Non-public vocational schools do not have local "agencies" as do public vocational schools. See pages 12-13, lines 24-25, 1-7.

2. As "training institutions," AICS would welcome an unbiased, objective system of certification of training institutions as contemplated by Sec. 103(c)(2). We suggest additional legislative guidance for determination of what would be "cost effective" for institutions selected under Sec. 103(d). We urge that the standards used include such items as placement record or cost-per-student-per-hour. Also, there seems to be no system for appeal or review of any certification decision. We believe both realistic standards and a right of appeal can give integrity and credibility to such worthwhile local decision making. See page 15, lines 1-2.

3. We urge that the educational institutions available to implement the program include non-public, tax-paying vocational schools. We note that in Part B, Sec. 202(a), training needs of migrant workers could not be provided by proprietary tax-paying institutions. The measure would limit training to public and private nonprofit. We urge that this be amended to include proprietary. See page 27, line 17.

4. Proprietary schools also need access to "labor market/occupational supply and demand information and individualized career information." According to Sec. 233, this valuable information would not be available to educators in proprietary schools. Page 36, lines 5-6. Only public agencies and private not-for-profit users would have access to this information. We urge that the section be amended to include proprietary, tax-paying vocational schools. This in turn would reinforce the inclusion of proprietary vocational schools within the term "postsecondary educational institution" as used in Sections 232(b) and 233(b)(2).

5. Proprietary vocational schools would not qualify for inclusion in the Sec. 2(2) definition of "community based organizations" because they are tax-paying rather than tax-exempt. We believe this exclusion is unjustified. See page 3, lines 5-18. It should be abandoned in favor of including representatives from all significant segments of the community which provide employment training. This in turn would permit some healthy competition in the special preference for pilot projects authorized under Sec. 223. Even though possessing "demonstrated effectiveness," tax-paying private vocational schools would be excluded from eligibility. We believe this exclusion is wrong and should be eliminated. See pages 30-31, lines 1-9 and 19-24.

H.R. 5320

Some particular comments we have are:

1. The term "institution of higher education" does not include all the definitions of the Higher Education Act of 1965. In addition to Sec. 1201(a), we feel that institutions of higher education as defined in Sec. 481(a)(1) of the Act should be included also. See page 7, lines 1-3.

2. We suggest that the reference in Sec. 106(b)(1) to "appropriate institutions of vocational and higher education" be expanded to explicitly name "public, private, and proprietary institutions." Page 20, line 2.

3. We feel that the State Employment and Training Coordinating Council of Sec. 107 should also include representatives of or from private proprietary vocational schools. Page 21, line 24.

4. We urge that the facilities of proprietary vocational schools be available for Migrant and Seasonal Farmworker Employment programs authorized by Sec. 402(c)(1). The bill would limit the discretion of the Secretary to "public and private nonprofit organizations"! We suggest that tax-paying proprietary vocational schools also be available to the Secretary. Page 62, line 24.

SUMMARY

Both measures seem to contemplate community participation of all types. Proprietary educational institutions are part of the communities of this nation. AICS schools wish to contribute to the success of these programs. Therefore, we urge:

1. That proprietary-school participation by explicitly included wherever institutional training is called for.

2. The legislative history of the measure makes it abundantly clear that any doubts about participation of proprietary schools should be resolved by an implicit intention to include rather than to exclude.

3. That proprietary schools be included with other educators wherever institutional training is called for.

4. That choice of training facilities always should be based on concerns for the ability of the trainee to benefit and the cost effectiveness of the institution rather than the public, tax-exempt, or proprietary governance or control of the institution.

5. An unambiguous mandate to the authority or instrumentality charged with selecting institutional training facilities to utilize all types of vocational schools, public and private, as part of its responsibility and discretion.

6. Private tax-paying vocational schools are an existing resource already a part of the local community which have great flexibility to respond to community leadership and do not constitute a separate system of education.

7. Maintenance of the flexibility for the choice of institutional training presently in Title II of CETA and avoidance of any transfer of authority to any single state agency allied with a particular type or level of vocational schools—pubic, private, or proprietary; secondary or postsecondary.

We commend the efforts of the joint hearings to search for improved ways to make realistic, cost-effective job training available to those who can benefit. We sincerely ask the opportunity to serve the needs of the program on an equal and not a preferential basis.

Respectfully submitted,

Stephen B. Friedheim
President
Association of Independent
Colleges and Schools
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1730 M Street, N.W.
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130 South Michigan Avenue, Chicago, Illinois 60603 Telephone 786-0111

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March 5, 1982

Hon. Augustus F. Hawkins
Chairman, House of Representatives
Committee on Education and Labor
Subcommittee on Employment Opportunities
B-346A Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

Thank you for inviting this Association to submit a written statement to the House Subcommittee on Employment Opportunities and the Senate Subcommittee on Employment and Productivity. We understand that you received hundreds of requests to appear before the two subcommittees. Your decision to prune this number is certainly understandable.

This Association represents more than 5,000 employers within the 8 county Chicago Metropolitan Area. They employ over 1,250,000 workers according to our membership records. Naturally, we are concerned that final manpower training legislation contain a maximum of business input during its execution and a maximum of business participation in day-to-day decisions about programs. After all, the private sector will have to come up with more than 80% of the jobs and training slots.

Cordially,

Sam Mitchell

Sam Mitchell

SM:cak

Chicago Association of Commerce and Industry
130 South Michigan Avenue, Chicago, Illinois 60603 Telephone 786-0111

March 30, 1982

Senator Daniel Quayle
Chairman
U.S. Senate Sub-Committee on
Employment & Productivity
4230 Dirksen Office Bldg.
Washington, DC 20510

Congressman Augustus Hawkins
Chairman
U.S. House Sub-Committee on
Employment Opportunities
B 346A Rayburn Office Bldg.
Washington, DC 20515

RE: Re-Authorization of CETA

We appreciate the opportunity you have afforded to present written testimony.

The Suburban Cook County Private Industry Council (PIC), a committee of the Chicago Association of Commerce and Industry (CACI) has thoroughly considered the questions related to CETA re-legislation. In its own right, our PIC brings extensive participatory expertise to this process. Many of the members have been with PIC from the start and have survived the "growing pains" of the first years. CACI, the Title VII administering agent, contributes the perspective of thousands of Chicagoland businesses. Drawing on this experiential base each draft bill has been examined. Rather than dwell on technical detail, we have directed our attention to the concepts on which success or failure will be predicated.

In its development of employment and training policy for the 80's, Congress must consider outcomes of previous policy. During the 60's and 70's we learned that local government has a capacity to spend federal money in a technically proper manner. People can be put to work if the government creates the job and pays all costs. Employment and training operations have become institutionalized. But the employment and training "industry" has been unable to solve the problems it was created to address. The principal reason is, private sector employers have not been attracted to the effort.

Private sector employment constitutes over 80% of all jobs in this country, a majority of which are within small business. If the bottom line is to be unsubsidized employment, as we think it should, employment and training policy must have the endoresement of the private sector. Employers can and will become involved if provided a reasonable chance to do so. But, the constraints of their businesses dictate the nature and extent of their participation. Policy must be flexible enough to encourage participation to the extent possible; it must not be rigid, allowing participation only under unilaterally imposed terms. If rules and regulations lead to the bottom line, they will be accepted, otherwise they will become barriers.

The process of gaining private sector support was begun under Title VII of CETA. Volunteers across the country have devoted countless hours to the task of focusing on the bottom line. While progress is being made, it is delayed by a variety of artificial barriers. Multiple administrative bodies operate within boundaries perceived by employers to be single economic areas. Local governments fear of disallowed costs results in a maze of paper trails. The urgency of employers' needs to fill job openings is not recognized. There are others, perhaps not the least of which is the unwillingness of local business to do business with local government or worse, several units of state and local government.

These barriers are not insurmountable. PICs serve as the foundation for progress. A credibility base has been established and it is imperative that it be retained. Orderly transition must be accomplished through current PICs or we return to square one. The private sector needs to know if policy of the 80s will merely offer another government-run program, or will authority be vested in the PICs to proceed, unfettered, toward bottom line accomplishment?

Now is the time for Congress to turn the 1978 promise of Title VII into 1982 realization by placing the employment and training initiative in the private sector. The answer isn't government; there will never be enough money to enroll all eligibles in a program. The answer is business; and PICs are business at its best, volunteering proven expertise without vested or constituent interest to serve, focusing on the disease, unemployment, rather than the symptoms, the unemployed.

Thank you for this opportunity. We urge you take advantage of established PIC structure to challenge the private sector to assume the full leadership role of which it is capable. We are confident that you and all Americans will be satisfied with the results.

Ray Graham

Ray Graham
Chairman
Private Industry Council of
Suburban Cook County

Samuel R. Mitchell

Samuel R. Mitchell
President
Chicago Association of
Commerce and Industry

RG/SRM:mt

The National Advisory Council on Continuing Education

425 Thirteenth Street, N.W.—Suite 529
Washington, D.C. 20004
(202) 376-8888

Statement of John Ervin

Chairman

National Advisory Council on Continuing Education

to the

Subcommittee on Employment and Productivity

Committee on Labor and Human Resources

United States Senate

and the

Subcommittee on Employment Opportunities

Committee on Education and Labor

United States House of Representatives

March 23, 1982

STATEMENT ON EMPLOYMENT AND TRAINING LEGISLATION

My name is John B. Ervin. I am Vice President of the Danforth Foundation in St. Louis, Missouri. As chairman of the National Advisory Council on Continuing Education, and on behalf of its members, I would like to submit for the committees' records the following observations about the various employment and training proposals now before you. I would also like to commend the bipartisan effort that is assessing these proposals and welcome this as a sign of the urgency with which we must attend to these matters.

For clarity, let me make one initial point. The Council's recent priorities have been focussed on continuing education at the postsecondary level, and particularly on the continuing education offerings of academic institutions. Our perception of the role and significance of continuing education, however, is much broader. Council reports and recommendations have always assumed a fundamental relationship between the world of work and the world of training. It will be a pervasive point of my comments today to ask you to extend that relationship -- as we do -- to include the world of education and to express this in the form of more purposeful linkages among all three.

For the vast majority of individuals who engage in it, continuing education is viewed as critical to job entry and security, employment options, and career advancement. Continuing education is heavily occupationally oriented. This orientation strongly influences the content of its offerings, the background and training of its staff, the expectations and goals of its participants, and firmly entrenches continuing education within local community organizations, including academic institutions, as a base of operations.

Continuing education is not inexpensive. Its resources are often restricted to only those who can afford it. For this and other reasons, the Council has persisted over the years in conveying to Congress and to several Administrations this one message: That the average participant in continuing education is disproportionately white, affluent, educated and employed in comparison to the eligible adult population. In other words, the severest needs for continuing education are among the economically disadvantaged.

This is not an anecdotal remark. It is a statement of fact that has been well documented by researchers. The Council is troubled by the implications of this fact and has expressed its concern to Congress repeatedly in the form of recommended policies and programs designed at the national level for national purposes that support the right of access by disadvantaged adults to continuing education and to the employment opportunities that may result.

The Council strongly endorses, therefore, those elements of the legislative proposals which support and help accomplish the following:

FIRST: Single out for eligibility the disadvantaged in our society who are in demonstrable need of employment-directed training, especially when that training is likely to break the cycle of poverty and what may now be evolving as third-generational dependence on welfare.

SECOND: Continue efforts to join more firmly the nation's training resources with the nation's employment needs and opportunities, and to anchor this partnership with strong ties to local community organizations and to private sector enterprises.

THIRD: Solicit the formal and functional participation of the nation's education system in these efforts and in a form and manner that could be determined locally to best engage the unparalleled training resources it represents.

FOURTH: And finally, the Council endorses the various intents of the legislative proposals to promote national statements of policy regarding employment and training and the purposeful utilization of human resources, especially when these statements rest on common agreements by federal, state, and local governments and by representatives of public citizens.

I would like to elaborate on these comments, on some of their implications, and on a few additional items which may strengthen the legislation. I will be as brief as possible.

Disadvantaged Adults - The legislation rightly focuses on employment and training opportunities for youth. There may be no more urgent and potentially dangerous grievance in our society than its inability to employ young men and women productively. The Council recognizes the need for this focus but also unavoidably recognizes the dire consequences of unemployed disadvantaged adults. A displaced worker; an unemployed head of a household; a frost-belt resident whose entire industry has moved to the sun-belt: these and others like them do not need entry-level training but early and mid-career retraining. The legislation ought to reflect the diverse and complicated employment conditions among disadvantaged adults and help provide an equally diverse network of training opportunities for them.

Employment, Training AND Education - Our nation lags behind other industrialized nations in accepting the full correlation between employment and training. In this regard, the legislation is an enlightened move. What concerns the Council, however, is the legislation's current lack of expression regarding how these two important issues relate to the nation's system of formal and informal education, regardless of level of instruction or type of institution. If the problems of unemployment are deep-rooted and appear to be intractable, then it seems to us that the major intended solution to these problems -- training -- ought to be given clearer direct access to the resources of the education establishment itself, surely the nation's largest repository of training experience.

Education's Functional Role - The current proposals avoid references to specific roles or responsibilities for educational institutions. The language refers ambiguously to educational "representation" and leaves this largely to a voluntary action on someone's part. If educational resources are to be solicited, engaged, used, rewarded and held accountable, the role of the individuals and institutions which provide these resources should be expressed clearly, specifically, and functionally. For instance, local private industry councils are to recruit participants into training programs, select and influence those programs, and monitor and assess their effectiveness. Yet nothing is said regarding the "training" background of the representation on these councils. Our Council believes that education representation on these councils should not only be encouraged but required. Similar representation ought to be considered for the state councils as well. We propose these two simple recommendations, not in an effort to turn this legislation into an "education" bill (it is clearly not that), but to see education's role in a positive light and an aid in all aspects of healthy and viable training programs.

Planning - There are other good reasons for strengthening the local network of partners by formal inclusion of education representatives. One of them is planning. Considering the intent of the employment and training proposals, the planning apparatus that is meant to help achieve the long-term objectives of the program should be equally long-term and long-sighted in its approaches. In other words, there may be minimal benefits from planning activities that are only annual exercises caught up in the data of less-than-annual program outputs. There may be real disservices if the planning process either encourages or requires documentation, reporting and tabulations on a too-frequent basis; and there may be real distortions of fact if such accountability is unaccompanied by an emphasis on long-term achievements and failures.

Concrete and long-term representation of education resources in the planning process makes some sense. It offers a dependable and credible base for planning over a longer period of time when, at the same time, local programs and priorities may have to undergo frequent adjustments.

The Quality of Training - All the legislative proposals offer a somewhat elaborate system of program monitoring, assessments, evaluations, rewards penalties and appeals. For understandable reasons perhaps, little is said directly about what constitutes "quality" training. The consideration of "performance standards" is a healthy introduction of a sensitive issue that has beset many federally supported training programs. In a broader context, all of the legislative proposals endorse the role of strong locally based and locally supported private industry councils. Their roles are reinforced to varying degrees by specific details of their planning, training, advisory, managerial, fiscal and other responsibilities. To these, it seems, may naturally have to be added their ultimate responsibility for quality control and program performance, although this does not preclude others at state and federal levels from making judgements about the exercise of that responsibility.

The necessary presence of quality control and performance standards is sensitive. It is also very difficult. For this reason, it might be wise to further consider the role to be played by educational representatives directly in these matters. These representatives, after all, do represent the nation's network of accredited institutions and presumably would be selected on the basis of their normal and routine engagement in the review and evaluation of a variety of education and training programs.

Incentives, Bonuses and Penalties - If performance standards are to have any meaning, they must be applied and enforced. However ultimately formulated, a system of monetary awards for achievement seems sound. Conversely, if the system is to have bite, provisions for penalties for poor program performance may have to be approached with the same conviction and vigor. In either case, we would again suggest that whatever standards of merit and demerit are accepted, they should preferably be adopted to acknowledge success and failure over an extended period of time. If they are not, then the merit/demerit system itself will become a strong force for short-term and perhaps less meaningful accomplishment.

One suggestion I would ask you to consider is the possibility of, say, an eighteen month or two-year moratorium in the implementation of this element of the legislation. This decision would reinforce the focus on long-term achievements and would provide ample time for programs to adjust, develop and implement the intent of the legislation.

It seems from the current proposal that it is intended that the federal government should carry the cost of the incentive and bonus provisions. It also seems currently clear that locally based private sector enterprises participating in the program are not expected to contribute financially to the costs of any part of the program. As programs begin to achieve the desired results and as benefits accrue to their participants, isn't it likely that direct benefits will have accrued significantly to the private enterprises themselves, certainly in the form of past subsidized training of their employees?

At that point, would it be possible to consider either a direct reimbursement by them of the costs of that training; or a contribution to the maintenance of private industry councils; or the acceptance of part of the costs of the bonus provisions; or some other action that would demonstrate the further commitment of the private sector to a program initiated by Congress on behalf of and in the name of American taxpayers?

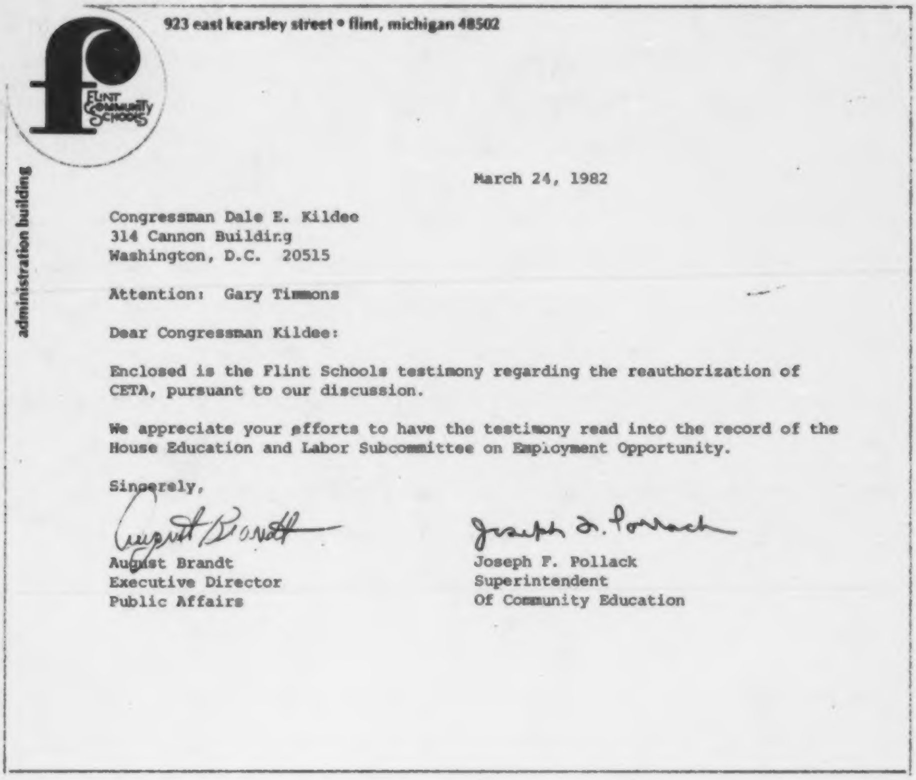
Matching Funds - In a somewhat similar vein, we would suggest that further consideration might be given to implementing a "matching" requirement by state governments for selected provisions of the legislation. To the extent that the final legislation provides discretionary funds to the states to cover a wide variety of employment needs among individuals not addressed elsewhere in the legislation, we suggest that these discretionary funds specifically be accompanied by an appropriate matching requirement. Current proposals refer to a ten percent discretionary fund. It seems obvious that the purpose of this fund is to cover such a conglomerate of disparate needs that the funds themselves will be inadequate. These are legitimate needs; a matching requirement would greatly help augment the monies which are intended to address them.

The Creation of New Agencies - One tendency which we urge the legislation to avoid is the tendency to create and maintain new agencies and organizations at local, state and federal levels. The success of this program will depend decisively on the effectiveness with which it is administered. If existing agencies can be identified to serve the program, especially at the local level, no new agency should be created. At least this type of rule of thumb will lessen the inclination for program administration to intervene between program purpose and program result. A similar rule may be applied to the federal level. As a member of a national Council created by Congress, I would urge a serious review of the need for another National Commission as proposed by the legislation. If the Commission is needed, let there be one. If other federal and national agencies can serve the purpose of the proposed Commission, I urge that they be asked to do so.

One last word. It is too often a condoned practice to criticize the federal government for whatever it does, whenever it does it. Yet, there are so many instances when actions by the federal government either have avoided calamities or have pointed the way to new avenues of exploration and opportunity.

Not all these programs are huge. Some are small, very small. While serving on this Council for the past four years, I have become familiar with many of the programs of the Higher Education Act. Title I of the Act has funded many state-based programs of continuing education, community service and education outreach. In many ways, but on a lesser scale, this small program has replicated the broad purpose of the proposed employment and training legislation. There exists evidence and documentation of this overlap and many indications of successes achieved by the title I program in these areas. The Council would be willing to provide this information if it would help the committees in their deliberations.

Thank you.



923 east kearsley street • flint, michigan 48502

FLINT COMMUNITY SCHOOLS

administration building

March 24, 1982

Congressman Dale E. Kildee
314 Cannon Building
Washington, D.C. 20515

Attention: Gary Timmons

Dear Congressman Kildee:

Enclosed is the Flint Schools testimony regarding the reauthorization of CETA, pursuant to our discussion.

We appreciate your efforts to have the testimony read into the record of the House Education and Labor Subcommittee on Employment Opportunity.

Sincerely,

August Brandt
August Brandt
Executive Director
Public Affairs

Joseph F. Pollack
Joseph F. Pollack
Superintendent
Of Community Education

Honorable Chairman Hawkins, members of the House Education and Labor Subcommittee on Employment Opportunity, thank you for this opportunity to present the views of the Flint, Michigan Community Schools regarding the reauthorization of the Comprehensive Employment and Training Act.

In this time of economic recession, the City of Flint, Michigan is in an economic depression. We have gained national notoriety as one of the unemployment capitals of the world. In January of this year, unemployment for the City of Flint soared to a record 24.5 percent, according to Michigan Employment Security Commission figures. The residents of our city have strived to promote a better community for all citizens, young and old alike. We are now rebuilding. We have aspirations to expand our economic base, refurbish the downtown area, and build new structures to attract new industry and tourists. The future of our city, and the nation, lies with the hopes, dreams, and education of our youngsters.

Last year, the Flint Community Schools served 1,446 students with CETA dollars--661 in the summer program and 785 in the regular inschool programs. Over the past 16 years, we have had numerous successes. During fiscal 1981, 48 percent of our inschool participants--high school graduates--went on to post-secondary education. Another 5 percent went into the military. Sixteen percent moved into the unsubsidized labor market.

Our high school drop out rate for the regular student population in the Flint Schools, grades 9 through 12 during the 1980-81 school year, was 11 percent. However, for CETA participants, the drop out rate for school year 1980-81 was substantially lower. For those students enrolled in the Flint Schools inschool CETA program (Titles II B and IV A under the current act), only 2 percent of the students in the inschool CETA program dropped out of school.

According to state figures, in February, 1982, the unemployment rate for Michigan youth ages 16 through 19 was 33 percent. For Black youth in the same age range (and this is the group our program primarily serves) the unemployment rate was 55.6 percent. Without federal assistance, that rate will drastically increase.

When CETA expires, over 1,400 more youngsters in Flint will be out of jobs. The jobs of those persons who work with these young people in the CETA program will also be eliminated. No further opportunities for CETA type job experience will be provided for Flint's young.

Flint's CETA program also provides transitional services to Flint inschool youth. Resource people from our community give them advice on banking, consumer economics, job seeking skills, and basic "coping" skills necessary to deal with the world of employment.

The combination of work experience and transitional services given to Flint inschool youth has afforded them the incentive to remain in high school until graduation. It has helped the Flint community to increase its labor force. Most importantly, it has given the participants a sense of self worth.

The opportunity to retain these benefits now rests with you.

The Flint Schools urge the support of HR 5320, introduced by your House Employment Opportunities Subcommittee Chairman, Augustus F. Hawkins. We believe that this bill will best fulfill the unique needs of our Flint, Michigan youth--those needs created in part by higher than average unemployment and a depressed economy.

It will keep CETA under local control. It will provide adequate funds to make an impact. It will streamline performance standards so that our work can be measured. It will increase the role of the private sector without taking away local school district input.

Many components of youth training are effectively and efficiently handled by local school districts. Many training components require extensive and costly equipment, adaptable facilities, and professionally trained staff. Such facilities, equipment, and staff already exist in our schools. It would be wasteful to spend further tax dollars to duplicate these existing elements by decreasing the schools' involvement.

We recommend that an amendment be made to the Hawkins bill providing for an adequate setaside for inschool youth. We suggest that the funds be earmarked to provide career work experience, vocational education, career planning, and guidance and counseling for job placement.

In the unstable economic climate that prevails, we feel confident that the Flint Schools can continue to meet the challenges of the 1980's. But we cannot do it alone. Our goal is contingent upon well educated and well trained youth. Our future, and the future of the country, lies with the ability of our youth to succeed in their adult role long after the 80's. To do this, we need continued funding for CETA, such as that provided for in the Hawkins bill.

Thank you again for this opportunity to testify.

ATTENTION: Ms. Susan D. Grayson
Employment Opportunity Subcommittee
Committee on Education and Labor
B 346-A US House of Representatives
Rayburn House Office Building
Washington DC 20515

cc. Ms. Patty Bankson, National Council of YMCAs

TESTIMONY SUBMITTED IN REACTION TO CERTAIN ASPECTS OF EMPLOYMENT AND TRAINING LEGISLATION CURRENTLY UNDER CONSIDERATION BY THE CONGRESS, BASED ON TWENTY YEARS OF CHICAGO AGENCY EXPERIENCE, BY THE CHICAGO ALLIANCE FOR COLLABORATIVE EFFORT

SUBMITTED BY CACE PRIVATE CACE AGENCIES ONLY

CACE
Chicago Alliance for Collaborative Effort
14 East Chestnut, Chicago Illinois, 60611
(312) 787-7527
Chairman: John O. Root, President
YMCA of Metropolitan Chicago

Public Sector Executives:

Reginald V. Brown, Assistant to the Mayor for Employment and Training

Lenora T. Cartwright, Commissioner, Department of Human Services

Andrew Mooney, Executive Director, Chicago Housing Authority

Dr. Hugo H. Muriel, Commissioner, Department of Health

Samuel W. Nolan, Director, Department of Public Safety

Private Sector Executives:

Delbert W. Arsenault, Executive Director, Chicago Youth Centers

James W. Compton, President, Chicago Urban League

Mary DeJohnette, Executive Director, Chicago Federation of Settlements

Gerald A. Erickson Executive Director, United Charities of Chicago

Mari C. Fohrman, Executive Director, YWCA of Metropolitan Chicago

Anne Freidus, Executive Director, Girl Scouts of Chicago

Donald M. Hallberg, President, Lutheran Social Service of Illinois

Kenneth M. Henderson, Jr., Executive Director, Chicago United

Edward C. Jacobs, Scout Executive, Boy Scouts of Chicago

Nancy J. Johnstone, Executive Director, Youth Guidance

Fred C. Lickerman, Executive Director, Chicago Boys Clubs

Ed Marciniak, President, Institute of Urban Life, Loyola University

Steven B. Nasatir, Executive Director, Jewish Federation of Metropolitan Chicago

Frank S. Seever, Executive Director, Chicago Commons Association

Patricia L. Sharpe, Executive Director, Hull House Association

Reuben Jessop, Executive Director, United Way of Metropolitan Chicago

Staff: Bruce Cole, YMCA of Metropolitan Chicago
Russell Hogrefe, Executive Director, American Camping Association

Credentials of CACE

This testimony is submitted by the Chicago Alliance for Collaborative Effort (CACE), a coalition of the executives of five major human service public agencies, fifteen metropolitan private human service agencies, the United Way of Metropolitan Chicago and Chicago United, a coalition of the city's major employers and the significant minority agencies. Since 1963 agencies in this coalition have been involved in employment and training as a major part of their services. The JOBS project of the Boys Clubs, Youth Centers and YMCA, and the subsequent JOBS NOW project,involving the members of CACE and fourteen other public and private agencies, were laboratories whose methods:

> "were incorporated increasingly in subsequent manpower planning for disadvantaged adults as well as youth: (1) a significant proportion of severely disadvantaged, supposedly unemployable, persons can be employed effectively after only a short orientation or job preparation period; (2) a job itself is the most effective way of improving the motivation and skills of many who have severe employment problems or who will not stick with a long-term pre-job training program;(3) many employers can and will develop the kinds of attitudes and increased support needed to provide a work environment in which such new workers can learn to meet usual work standards; and (4) an outside coach can often help the employer and newly hired workers to overcome work behavior and off-the-job problems which threaten continuation in employment.
>
> "These finding of the JOBS NOW project became guides in developing the orientation and coaching services which are basic elements of the Concentrated Employment Programs, and also in planning the major JOBS Program (Job Opportunities in the Business Sector), coincidentally the same acronym as that of the E & D (Education and Demonstration) Project that helped start this line of development . . ." The President's Manpower Report to the Congress, January, 1969, pp. 203-4.

Staff from these programs were borrowed by the Department of Labor to establish the CEP program in 88 cities and counties, train their key staffs (Prime Sponsors), and key staff of the Employment Service, the Work Incentive Program (WIN), the Community Relations Service of the Department of Justice and the National Alliance of Business JOBS program referred to in the president's manpower report.

Earlier testimony through our national organizations has stressed our concern that the new delivery system recognize the key role most Prime Sponsors (certainly in Chicago) have played and can continue to play in the delivery of employment and training services and the need for continued involvement of non-profit private agencies with continuing contacts with needy youth and adults. A local delivery system has been tested, retested and refined. It works in Chicago.

This testimony is endorsed by the private agency executive members of CACE. To have cleared approval with the public agency executives would have required more time than we had available, if we are to meet Congressional testimony deadlines.

Based on two decades of employing and training youth, we have a deep concern over the failure of most of the current legislation under consideration to address two major areas that experience has taught us are crucial: Youth Employment and Stipends.

YOUTH EMPLOYMENT (IN SCHOOL)

The Chicago experience may not be typical. But it should be. Over the last three years CETA youth employment has reached from almost one in four to one in six of the estimated 200,000 Chicago youth whose unemployment and low family income made them CETA eligible. Placement of these youth in non-profit private agencies has never been less than 55% of the total.

	1979	1980	1981
Summer Program for Disadvantaged Youth (SPEDY) Total	35,301	43,079	28,826
14-15 years	14,325	18,448	11,232
	41%	43%	39%
16-19 years	18,683	21,458	15,158
	53%	50%	53%
20-21 years	2,293	3,173	2,436
	6%	7%	8%
Youth Employment Training Program (YETP) Total	4,246	5,994	5,923
16-19 years	4,028	5,759	5,646
	95%	96%	96%
20-21 years	218	235	237
	5%	4%	4%
TOTAL IN SCHOOL DISADVANTAGED YOUTH EMPLOYMENT	39,547	49,073	34,749
Per Cent of Total Eligible Chicago Youth (200,000 est)	19.77%	24.54%	17.37%
14-15 years	14,325	18,448	11,232
	36%	38%	32%
16-19 years	22,711	27,217	20,804
	57%	55%	60%
20-21 years	2,511	3,408	2,673
	7%	7%	8%

The current discussion about whether we are in a recession or a depression becomes academic when applied to youth. Twenty per cent of American youth are unemployed. Fifty per cent of our minority youth are out of work. For youth depression is here. Without a high school diploma any job, other than low pay and dead end, is doubtful. Withouth work experience, initial employment is difficult. Our experience demonstrates that the CETA youth employment programs have been crucial, both in keeping youth in school until they earn the diploma and in providing them with a work record.

Repeated testing with representative samples of our youth employees have shown that their earnings were the major reason they could remain in school. Most of their earnings went for clothes, carfare and other school related expenses. Vocational counseling during their work experience has helped them plan realistic career alternatives and select high school courses in keeping with their career goals.

These work experience programs have increased the future employability of these youth

— by providing productive work, teaching work discipline, giving candid evaluations by supervisors, training in how to seek employment, how to perform in the job interview, how to prepare resumes;

— by helping them evaluate skills, aptitudes, interests, plan career alternatives, plan school courses in relationship to those careers and see the correlation between school attendance and performance and career aspirations;

— by helping those with career goals that require further education, find the combination of Pell grants, state and private grants that enable them to go on to community college, college or university.

-- by placing others in private employment, OJT or vocational training.

The chance to work with youth in a variety of these programs over the full high school period has helped to move street-wise, unemployable youth over time into becoming street-wise employable youth. Whatever changes are made in upcoming legislation, this is too important a baby to be thrown out with the bath.

A SUGGESTED CONTINUING PROGRAM FOR YOUTH EMPLOYMENT (INSCHOOL)

Given the need to serve more youth with fewer dollars, our Chicago experience would suggest (1) differentiating between the programs for various ages of high school youth and (2) changing from the minimum wage to a graduated stipend system of rewards.

14-15 yearolds: At these ages work experience is less essential than exploring career alternatives. Most inner city youth lack an understanding of the work place as well as any realistic consideration of their own futures. It is crucial at the beginning of high school that they see the relationship between school performance and future careers. The program should be vocational exploration. In cooperation with business and industry (in Chicago with Chicago United, the Association of Commerce and Industry and trade associations) these youth should visit a variety of work situations, should meet with successful practitioners from the same ethnic background, should test their own skills and aptitudes, should research a variety of potential careers, should begin to plan career alternatives and lay out the training needed. Suggested stipend: $2.00 per hour; suggested schedule: 5 hours per week, 50 weeks per year. Total stipend cost: $500 per youth.

16-years to high school graduation: In the concluding years of the program more emphasis should be placed on work experience, if possible related to career interests. (We have had excellent experience, relating youth who were interested in the health field with hospitals and clinics.) Subject to the "hands on" limitations, youth could get some experience in the for profit sector. Vocational plans should be refined and confirmed. Suggested stipend: $2.50 per hour; suggested schedule: 10 hours per week, 50 weeks per year. Total stipend cost: $1,250 per youth.

Commonwealth of Puerto Rico

DEPARTMENT OF LABOR AND HUMAN RESOURCES
Right to Employment Administration

Banco de San Juan Tower/Muñoz Rivera Avenue No. 654/Hato Rey, P. R. 00918/Tel. 754-5151/G.P.O. Box 4452 San Juan, P. R. 00938

RECEIVED
MAR 31 1981
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

March 30, 1982

Ms. Susan D. Grayson
Staff Director
Subcommittee on Employment
Opportunities
Room B-346-A
Rayburn House Office Building
Washington, D.C. 20515

Dear Ms. Grayson:

The Right to Employment Administration (REA) which at this moment administer all funds for the Balance of the State of Puerto Rico is hereby submitting our written statement for the official hearing record.

Dr. Fuat Andic, and Mr. Walter Fournier will testify on behalf of our Agency. Dr. Andic is an outstanding economist and is Vicepresident of Clapp and Mayne of Puerto Rico. Mr. Fournier is a former President of the Puerto Rico Chamber of Commerce and President of Empresas Fournier. Both distinguished professionals and active members of the private sector are also members of REA's Planning Advisory Board.

Thank you for the opportunity to testify for the record concerning the future of our employment and training programs.

With best regards.

Respectfully,

Nélida Jiménez Velázquez

Nélida Jiménez Velázquez
Executive Assistant

TESTIMONY FOR THE RECORD OF
DR. FUAT ANDIC AND
MR. WALTER FOURNIER
ON BEHALF OF THE
RIGHT TO WORK ADMINISTRATION
GOVERNMENT OF PUERTO RICO

BEFORE THE

SENATE SUBCOMMITTE ON EMPLOYMENT AND PRODUCTIVITY

AND THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

I. INTRODUCTION

MR. CHAIRMAN AND MEMBERS OF THE SENATE AND HOUSE SUBCOMMITTEES ON EMPLOYMENT AND PRODUCTIVITY, WE, DR. FUAT ANDIC, VICEPRESIDENT OF CLAPP AND MAYNE OF PUERTO RICO INC., AND MR. WALTER FOURNIER, PRESIDENT OF FOURNIER ENTERPRISES INC., WOULD LIKE TO TESTIFY ON BEHALF OF THE RIGHT TO WORK ADMINISTRATION OF THE GOVERNMENT OF PUERTO RICO. AS MEMBERS OF THE AGENCY'S PLANNING COUNCIL, WE ARE DELIGHTED TO REPRESENT NOT ONLY THE GOVERNMENTAL POINT OF VIEW BUT IN PARTICULAR THE PRIVATE SECTOR PERSPECTIVE CONCERNING THE FUTURE OF OUR EMPLOYMENT AND TRAINING PROGRAMS. WE WOULD LIKE TO COMMENT ON SPECIFIC LEGISLATIVE INITIATIVES, THE HAWKIN'S BILL, THE QUAYLE-KENNEDY PROPOSAL AND THE ADMINISTRATION BILL, WHILE AT THE SAME TIME ELABORATE ON THE FUTURE AND MAXIMUM USE OF OUR HUMAN CAPITAL.

PUERTO RICO, A DENSELY POPULATED ISLAND IN THE CARIBBEAN SETTING, HAS EVOLVED IN THE SOCIO-ECONOMIC REALM THROUGHOUT THE PAST DECADES DUE MAINLY TO THE ENTERPRENEURSHIP CAPACITY AND SKILLS OF ITS WORKERS. WE CAN RIGHTFULLY ASSERT THAT OUR PEOPLE IS OUR MAIN RESOURCE SINCE THE ISLAND'S RELATIVE PROGRESS IN COMPARISON TO MAINLAND STANDARS HAS BEEN ATTAINED BY THE PRODUCTIVE CAPACITY OF ITS PEOPLE. IN THIS UNDERTAKING CETA LEGISLATION DURING THE LAST DECADE HAS PLAYED A KEY ROLE, NOTWITHSTANDING OUR EFFORTS AND INITIATIVES SINCE 1968 TO PROVIDE EMPLOYMENT AND TRAINING PROGRAMS WITH LOCAL FUNDS. EMPLOYMENT AND TRAINING OPPORTUNITIES CREATED UNDER FEDERAL MANPOWER PROGRAMS HAVE BEEN USED AS A MAIN DEVICE FOR INTEGRATING DISADVANTAGED INDIVIDUALS AT THE PRODUCTIVE PROCESS.

DEEPLY CONCERNED WITH OUR HIGH UNEMPLOYMENT RATE WHICH EXCEED THE 20%, WE MUST STRESS THE IMPORTANCE ONCE MORE OF A JOINT VENTURE BETWEEN PUERTO RICO AND THE FEDERAL GOVERNMENT TO TRAIN OUR WORKERS IN HIGH TECHNOLOGY FIELDS IN ORDER TO COPE WITH THE DEMANDS OF THE PRIVATE SECTOR WITHIN THE NEAR FUTURE.

II. NEED TO INTENSIFY TRAINING

THE DEVELOPMENT AND INCREASING PRODUCTIVITY OF OUR HUMAN CAPITAL ARE NATIONAL PRIORITIES, YET OUR GOVERNMENT SHOULD NOT BE THE SOLE RESPONSIBLE. THIS COMMITMENT SHOULD BE SHARED WITH THE PRIVATE SECTOR SINCE GOVERNMENT CAN NO LONGER AFFORD THE ROLE OF PROVIDING EMPLOYMENT TO OUR PEOPLE. NOW OUR EFFORTS MUST BE DIRECTED MAINLY TO TRAINING IN THE PRIVATE SECTOR. THE NEED FOR TRAINING IS GREATER SINCE IN PUERTO RICO THE MAIN CAUSE FOR OUR UNEMPLOYMENT PROBLEM COULD BE ATTRIBUTED TO THE LACK OF NECESSARY SKILLS AMONG OUR WORKERS TO DEAL EFFECTIVELY WITH LABOR MARKET DEMANDS.

III. BLOCK-GRANT APPROACH

WITH THIS PREMISE IN MIND, THE GOVERNMENT OF PUERTO RICO IS ACTUALLY MATCHING CETA MANPOWER FUNDS WITH $25-MILLION STATE MONIES THROUGH THE RIGHT TO WORK ADMINISTRATION, CETA BALANCE OF THE STATE PRIME SPONSOR AND OUR STATE MANPOWER AGENCY. WE HAVE BEEN INVOLVED IN THIS JOINT VENTURE SINCE 1968, LONG BEFORE CETA MANPOWER PROGRAMS CAME TO BEING. THUS, TRAINING IN THE PRIVATE SECTOR SHOULD BE FOCUSED FROM A COHERENT PERSPECTIVE AND WITH AN EFFECTIVE STATE AND FEDERAL INVOLVEMENT.

3.1 FLEXIBILITY

A BLOCK GRANT APPROACH AS A FUNDING MECHANISM FOR EMPLOYMENT AND TRAINING PROGRAMS WILL PERMIT THIS ARRANGEMENT ONLY IF DESIGNED WITH ENOUGH FLEXIBILITY TO THE GOVERNORS. THE STATE MUST EXERT SUFFICIENT DISCRETION ON HOW TO USE THE FUNDS IN ORDER TO COPE WITH LOCAL NEEDS AND TO ESTABLISH LOCAL PRIORITIES. THUS, GOVERNORS SHOULD HAVE FLEXIBILITY AND EXERT A DECISIVE ROLE ON HOW TO RUN ANY EMPLOYMENT AND TRAINING PROGRAM AS AN ADEQUATE MECHANISM TO IMPLEMENT EFFECTIVELY PRESIDENT REAGAN'S NEW FEDERALISM.

3.2 DISCRIMINATORY MEASURE

YET THE ALLOCATION OF A 2 PERCENT OF THE FUNDS AS AUTHORIZED UNDER SENATOR QUAYLE'S PROPOSAL WOULD RESULT IN A DISCRIMINATORY MEASURE FOR PUERTO RICO. THIS PRESCRIBED ALLOCATION FORMULA WOULD TREAT PUERTO RICANS WORKERS DIFFERENTLY SINCE THE STATES' FORMULA CRITERIA, THE NUMBER OF LONG TERM UNEMPLOYED AND THE ECONOMICALLY DISADVANTAGED IN THE LABOR FORCE, WOULD NOT APPLY. PUERTO RICO WITH A HIGH PERCENTAGE OF LONG TERM UNEMPLOYED AND ECONOMICALLY DISADVANTAGED WORKERS WOULD BE BLATANTLY DISCRIMINATED AGAINST AND WOULD NOT RECEIVE THE NECESSARY FISCAL RESOURCES TO SUPPLY THE INCREASING DEMAND FOR SKILLED WORKERS IN THE PRIVATE SECTOR.

CERTAINLY, THIS CONGRESSIONAL POLICY TOWARD PUERTO RICO, IN THE REALM OF DEVELOPING OUR HUMAN CAPITAL, IF APPROVED, WOULD HINDER THE ISLAND'S ECONOMIC DEVELOPMENT WHICH IS VITAL TO THE STABILITY AND GROWTH OF THE CARIBBEAN REGION. DUE TO THE IMPORTANCE AND ROLE OF PUERTO RICO IN THE REGIONAL DEVELOPMENT OF THE CARIBBEAN BASIN, THE 3.5 MILLION AMERICAN CITIZENS RESIDING IN THE ISLAND SHOULD BE TREATED AS THEIR MAINLAND COUNTERPARTS.

IV. LABOR SURPLUS AREA

TO EMPHASIZE ONCE MORE THE IMPORTANCE OF FLEXIBILITY IN THE CASE OF PUERTO RICO, A DENSELY POPULATED ISLAND, I MUST REITERATE THAT OUR UNEMPLOYMENT RATE EXCEEDS THE 22%, THAT OUR GROSS NATIONAL PRODUCT (GNP) REAL INCREASE DURING LAST YEAR WAS ONLY 1.63%, WHILE INFLATION ROSE TO A 7.0 MARK. AT FIRST GLACE THIS ECONOMIC FIGURES INDICATE THAT PUERTO RICO COULD BE CONSIDERED AS A LABOR SURPLUS AREA IF COMPARED TO MAINLAND ECONOMIC CONDITIONS. FOR THESE REASONS PUERTO RICO SHARING THE RESPONSIBILITY WITH THE FEDERAL GOVERNMENT

OF PREPARING OUR WORKFORCE AS AN ESSENTIAL ELEMENT OF OUR NATIONAL ECONOMIC POLICY, DEMANDS ENOUGH FLEXIBILITY TO SATISFY THE OCCUPATIONAL NEEDS OF OUR WORKERS AND THE PRIVATE SECTOR.

PUERTO RICO, IF CONSIDERED AS A LABOR SURPLUS AREA, SHOULD HAVE THE FLEXIBILITY THAT OTHER STATES COULD ENJOY TO INVEST FISCAL RESOURCES IN TEMPORARY JOBS TO FOSTER THE INFRASTRUCTURAL DEVELOPMENT, AND IN OTHER INNOVATIVE APPROACHES LIKE SELF-EMPLOYMENT PROJECTS.

V. SERVICE DELIVERY AREAS

IN REGARD TO THE DESIGNATION OF THE PRIVATE INDUSTRY COUNCIL (PIC) INSTEAD OF THE PRIME SPONSOR FOR THE ADMINISTRATION AND/OR PLANNING OF THE DELIVERY OF SERVICES IT IS WORTH MENTIONED THAT THIS NEW POLICY IS DIRECTED TO A MORE EFFECTIVE USE OF AVAILABLE RESOURCES. HOWEVER, THIS MEASURE DOES NOT NECESSARILY GUARANTEE A COORDINATED PROGRAM PLANNING NOR AN EFFICIENT ADMINISTRATION SINCE THE PIC WOULD HAVE TO RELY ON PRIME SPONSOR PERSONNEL'S EXPERTISE OR HIRE NEW INEXPERIENCE PERSONNEL. ACTUAL CETA PLANNING PROCESS DEPENDS HEAVILY IN THE PRIME SPONSOR'S MANAGEMENT INFORMATION SYSTEM WHICH INCLUDE ALL INFORMATION CONCERNING APPLICANTS, PARTICIPANTS SERVED, TERMINATIONS, AND OBLIGATED FUNDS AMONG OTHER DATA ESSENTIAL TO THE PLANNING PROCESS.

THE DESINTEGRATION OF THE PLANNING AND THE ADMINISTRATION TASK BETWEEN THE PIC AND THE PRIME SPONSOR COULD LEAD TO UNREALISTIC PERFORMANCE STANDARDS BASED PRIMARILY ON PIC'S EXPECTANCIES INSTEAD OF REAL OPERATIONAL EXPERIENCIES. PROPER MECHANISMS SHOULD BE ESTABLISH TO ASSURE THE NECESSARY COORDINATION BETWEEN THE PIC AND ANY SERVICE DELIVERY AGENCY.

5.1 CONSORTIA

ALSO, THE PROPOSED CHANGES IN BOUNDARIES OF ANY SERVICE DELIVERY AREA CONSISTENT WITH LABOR MARKET DEMANDS UNDER A PIC OR PRIME SPONSOR CONSORTIA APPROACH COULD LEAD, AS IN THE CASE OF PUERTO RICO, TO A PROLIFERATION OF ADMINISTRATIVE UNITS WITHOUT SUFFICIENT PRIVATE SECTOR INVESTMENT NOR INSTITUTIONAL SETTINGS IN WHICH TO IMPLANT ON-THE-JOB-TRAINING ACTIVITIES.

VI. PROGRAM PLANNING

6.1 YOUTH

THROUGHOUT DECADES PUERTO RICO HAS RELIED HEAVILY ON THE PRODUCTIVE CAPACITY OF ITS WORKER TO ACHIEVE AN ENDURING DEGREE OF SOCIAL AND ECONOMIC STABILITY. HOWEVER, DUE TO PRESENT WORLD ECONOMIC CONDITIONS OUR WORKFORCE, MAINLY YOUTH, IS FACING UNPRECEDENTED HARDSHIPS TO FIND JOB OPPORTUNITIES. ACTUALLY THE UNEMPLOYMENT RATE AMONG YOUTH REACHES THE 56.6% AS A DIRECT CONSEQUENCE OF THEIR INABILITY AND LACK OF SKILLS TO COMPETE IN THE LABOR MARKET. THIS STRUCTURALLY UNEMPLOYMENT PROBLEM THAT AFFLICTS YOUNG PUERTO RICANS COULD BE EFFECTIVELY DEAL WITH IF THE MEASURE FOR SET-ASIDE FUND FOR YOUTH IS APPROVED.

THE ALLOCATION OF A SIMPLE FEDERAL COMPONENT FOR EMPLOYMENT AND TRAINING FOR YOUTH DISTINCT FROM ADULTS WOULD CONSTITUTE A PROPER TOOL IN THE DETERMINATION OF LOCAL PRIORITIES, PROGRAM ACTIVITIES AND EVENTUAL PERFORMANCE SUCCESS IN RELATION TO LOCAL LABOR MARKET NEEDS AND AVAILABLE JOB OPPORTUNITIES FOR YOUTH.

6.2 PLANNING PROCESS EXTENSION

THE EXTENSION OF THE PLANNING PROCESS FOR A TWO YEARS PERIOD GUARANTEES STABILITY AND A COHERENT PUBLIC POLICY TOWARD THE MAXIMUM

USE AND DEVELOPMENT OF OUR HUMAN CAPITAL. ACTUAL EXPERIENCE INDICATES THAT THE TIME SPAN BETWEEN THE PRELIMINARY ALLOCATION PROCESS AND PROGRAM LIMITATIONS FOR ESTIMATING CARRY-OVER ACTIVITIES PREVENTS A REALISTIC PROGRAM PLANNING AT THE BEGINNING OF EACH FISCAL YEAR.

IN ADDITION, NEW PERFORMANCE STANDARDS, TO BE DEVELOPED, WOULD NECESSARILY REQUIRE THE EXTENSION OF THE PLANNING AND REPORTING PROCESS SINCE IT WOULD BE DIFFICULT TO ESTABLISH PROPER STANDARS FOR THE NEW PROGRAM YEAR BASED SOLELY ON PAST PERFORMANCE.

FINALLY, THE INCLUSION OF DIFFERENT PERFORMANCE STANDARDS FOR YOUTH BASED IN LOCAL ECONOMIC CONDITIONS WOULD PERMIT THE IMPLEMENTATION OF A DEVELOPMENTAL APPROACH FOR THIS SIGNIFICANT GROUP.

VII. CONCLUSION

NEW STRATEGIES, LIKE THE SELF-EMPLOYED APPROACH, SHOULD BE FORMULATED IN ORDER TO DEAL EFFECTIVELY WITH OUR UNEMPLOYMENT PROBLEM. IN THIS SENSE, THE PRIVATE SECTOR SHOULD BE DIRECTLY INVOLVED IF WE PRETEND TO DEVELOP A SENSE OF BUSINESS COMMUNITY. TOWARD THAT GOAL PUERTO RICO IS DIRECTING ITS EMPLOYMENT AND TRAINING PROGRAMS.

AS A CONCLUSION, WE WANT TO REITERATE TO ALL OF YOU THAT THE CARIBBEAN BASIN PLAN IS A NATIONAL PRIORITY. PUERTO RICO AS A LINKAGE NEEDS THE NECESSARY RESOURCES FOR TRAINING ITS HUMAN CAPITAL IN THE SERVICES AREAS AND PRIVATE SECTOR IN ORDER TO PLAY AN EFFECTIVE ROLE AND PROMOTE THE ECONOMIC AND POLITICAL STABILITY OF THE AREA. WHEN CONSIDERING NEW POLICIES FOR OUR NEIGHBORS, LET US REMEMBER THAT PUERTO RICO IS PART OF THE CARIBBEAN AND PART OF OUR NATION.

MR. CHAIRMAN, WE BOTH THANK YOU FOR THE OPPORTUNITY TO EXPRESS OUR VIEWS ON BEHALF OF THE RIGHT TO WORK ADMINISTRATION CONCERNING THE FUTURE OF OUR EMPLOYMENT AND TRAINING PROGRAMS.

Maryland Balance of State Private Industry Council, Inc.
BOS PIC

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MAR 31 1981
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

March 29, 1982

Honorable Augustus F. Hawkins
Chairman, Subcommittee on Employment Opportunities
Committee on Education and Labor
B-346A Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Hawkins:

In lieu of our [illegible] testimony, which got cancelled during your [illegible] hearing rescheduling, we are submitting written testimony concerning the new Employment and Training legislation you are currently considering.

Our Private Industry Council conducted hearings throughout the Eastern [illegible] and Southern Maryland in anticipation of this testimony. Our testimony, therefore, represents not only the thoughts and experience of our Council but also the feelings of employees and others who are vitally interested in the new legislation.

We thank you for this opportunity to help you in your deliberations on a very worthwhile part of our national economy.

Sincerely,

Robert W. Cook
Robert W. Cook
Chairman

RWC/ccb
Enclosure

Testimony on Employment and Training Legislation of the Maryland Balance of State Private Industry Council before the Senate Subcommittee on Employment and Productivity and the House Subcommittee on Employment Opportunities

March 29, 1982

The Maryland Balance of State Private Industry Council has learned a great deal about employment and training over the last three years. We would like to share with you some ideas that we believe must be incorporated into the future employment and training system for it to be productive and effective. These are:

I. Local Flexibility and Determination

Without a doubt, this is one of the most important elements that any national employment and training system must incorporate in order to work. Employment and training problems, and more importantly, the people and the means of solving these problems exist at the local level. It is a local responsibility to address these problems. No national program can hope to be specific enough or provide enough resources to accommodate the broad spectrum of local employment and training problems. Therefore, the national program must set up the principle of local responsibility and, concurrently, local determination. Furthermore, the national program must permit a wide range of services and flexibility for local service providers to use to deal with their local problems. Only by doing this can the necessary local resources needed to truly address the problem be obtained. Parameters and an overall goal, in terms of a national policy, should be established but, beyond that, decisions must be made on the local level. Only then will local resources be committed in conjunction with the Federal dollars, and this commitment is essential for the long term success of the program.

II. Program Administration

Private Industry Councils, in conjunction with the Governor, should be totally involved with all aspects of the program. Regional Councils, who should be appointed by the Governor and have a majority of business persons, should be established. Councils should have the authority to determine the level of participation they desire to have in the three major aspects of the program - planning, operation, and evaluation. Councils, again in conjunction with the Governor, should decide the overall service mix, the service delivery mechanism, and the specified target groups.

III. Program Activities and Target Groups

All of the currently allowed CETA activities should be allowed in the future. Work experience in the private sector should be added to the list as well. We are not advocating Public Service Employment, in the private or public sector. Public Service Employment, if it is needed to combat cyclical unemployment, must be treated as a separate issue and program apart from the employment and training system for the nation's disadvantaged. To mix the two would do a disservice to both and would cause the employment and training system to suffer.

There should be no other target group except for the economically disadvantaged. To identify additional national preferences would limit local flexibility and also prevent local identification of the truly needy. In fact, in order to foster local flexibility, we would urge you to allow for a percentage of disadvantaged enrollees who are not necessarily "economically" disadvantaged. This flexibility would enhance the ability of local service providers to offer special groups such as displaced homemakers, handicapped, native Americans, and/or Vietnam era veterans service.

IV. Business Incentives

Because the majority of employment opportunities lie in the private sector, our Council feels strongly that any new employment and training legislation must include financial incentives for private business involvement. Therefore, our Council advocates the continuation of programs such as on-the-job training and the Targeted Jobs Tax Credit.

In addition, there continues to be a need for employment generating services tied to the employment and training system. Local Councils need the capability to actively involve themselves in economic development efforts to create new job opportunities and to work directly with existing businesses to maintain and expand job opportunities in the local area. These efforts might include business counseling projects and providing productivity workshops for employers. In addition, the new legislation should allow some funds to be used to assist businessmen with capital investments in equipment or plant expansion, where those investments would directly result in new job opportunities for the disadvantaged.

We hope that these comments will be of benefit to you. We believe that this country is on the threshold of a new employment and training system, and that you have a unique opportunity to shape that system. We encourage you to use this opportunity to forge a better, business oriented, more efficient and productive system. One that works for both the disadvantaged and American business and inures to the improved quality of life for all of our citizens.

SPONSORED BY THE CITIES AND COUNTIES OF RIVERSIDE AND SAN BERNARDINO

IMA

INLAND MANPOWER ASSOCIATION

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March 30, 1982

Ms. Susan Grayson, Staff Director
House Subcommittee on Employment Opportunities
Room B-346-A Rayburn House Office Building
Washington, D.C. 20515

Dear Ms. Grayson:

SUBJECT: Statement to be Submitted to House-Senate Joint Hearings on Employment and Training Programs Regarding Interagency Coordination

On 2/22/82, IMA representatives met with you to discuss H.R. 5320, the "Community Partnership for Employment and Training Act." As a result of the discussion, you suggested that we submit language regarding incentives for joint planning.

The administrators of the State Employment Development Department, the County Welfare Departments and the CETA prime sponsor for Riverside and San Bernardino, California, met recently to develop proposed language. Enclosed is a statement on interagency coordination which we are submitting to the House-Senate Joint Hearings on Employment and Training Programs.

We would appreciate any comments you may have. Thank you for your cooperation.

Sincerely,

Barbara Dillon
BARBARA A. DILLON
Executive Director

BD:bkd

Enclosure

cc: Supervisor Cal McElwain, Chairman,
IMA Executive Board
Mr. John Calderas, Associate Regional Administrator, Employment Development Department, State of California
Mr. Fred Thies, Director, Department of Public Social Service, San Bernardino County
Mr. Paul Wiley, Director, Department of Public Social Service, Riverside County

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City of Riverside

TO: SUSAN GRAYSON
Staff Director
House Subcommittee on Employment Opportunities

John Calderas jr.

FROM: JOHN CALDERAS, Associate Regional Administrator
Employment Development Department (Southern Region) State of California

Fred Thies

FRED THIES, Director, Department of Public Social Service, San Bernardino County

Paul Wiley

PAUL WILEY, Director, Department of Public Social Service, County of Riverside

Barbara A. Dillon

BARBARA A. DILLON, Executive Director
Inland Manpower Association

DATE: March 23, 1982

SUBJECT: INTERAGENCY COORDINATION, H.R. 5320, SECTION 104(b)(1)(F); (c)(1) and (2); and (d)

For the purposes of providing information to the Subcommittee staff on the above agencies' experience with interagency coordination, we submit the following:

> As representatives of the above agencies serving residents of the cites and counties of Riverside and San Bernardino, California, we have been meeting together since December, 1981.
>
> These meetings were initiated by San Bernardino County Supervisor Cal McElwain, as Chairman of the Inland Manpower Association, the CETA prime sponsor for the two-city, two-county area.
>
> Our primary interest in participating in these discussions are to (1) provide better services to our common clients; (2) reduce administrative costs where possible and (3) avoid duplication and maximize our resources by sharing responsibility wherever possible.

> All of us are heartened by the commitment of our associates to these principles, however, our meetings have served to make us painfully aware of the difficulties imposed upon us by federal legislative and regulatory language which makes our efforts dificult, if not impossible, to achieve.

We applaud your language, therefore, in H.R. 5320, which appears to recognize the benefits of joint planning and provides incentives to agencies for implementing a cooperative effort. In the spirit of cooperation, we would like to add some suggestions developed through our inter-agency meetings which might be helpful to you in developing regulatory language which would assist agencies at the local level to implement cooperative arrangements:

(1) Joint Planning Process: We support the concept of a planning process which could provide core data base, but with sufficient flexibility to meet the specific needs of each program. This would be helpful in serving U.I. recipients, for example, since after their U.I. benefits are exhausted, many of them are CETA or AFDC-eligible. In addition, many U.I. recipients are concurrently eligible for AFDC, for joint planning is very logical for these programs which are impacted by one another.

(2) The "incentives" offered agencies who participate in joint planning need to be meaningful. While joint planning in and of itself is an incentive, ultimately, the process and the incentives have to lead to an end product, i.e. meaningful job training for welfare recipients.

(3) Following a joint planning process, there should be sufficient flexibility to allow some joint administration, such as joint intake/joint reporting requirements.

and

As it currently is administered, the programs have independent reporting and information needs which hampers a cooperative effort. In addition, some of the agencies are subjected to a "privacy requirement" which makes it difficult to share information regarding clients. This not only increases the possibility of fraud, but also reduces the potential service provided to a client.

(4) Common Eligibility Requirements: This would be very helpful in serving clients among the three types of agencies.

(5) Common Time-Frame for Planning: The state and federal fiscal years are not concurrent, which also impacts the joint planning process.

(6) Maximizing Resources: This is one of the most critical elements required for an effective system. Agencies can plan together and do everything possible to reduce administrative costs and avoid duplication, but sufficient administrative monies to provide the required services is essential.

JS:ya

EMPLOYMENT & TRAINING ADVISORY COUNCIL

1234 Market Street 3rd Floor Philadelphia, Pennsylvania 19107 215/496-7015

March 29, 1982

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The Honorable Augustus F. Hawkins
Chairman
Subcommittee on Employment
  Opportunities
United States House of
  Representatives
Washington, D.C.

Dear Representative Hawkins:

Enclosed for the reveiw of the Subcommittee on Employment Opportunities are five volumes which contain transcripts of the testimony on the proposed reauthorization of federally-funded employment and training programs. This testimony was presented as part of a Public Forum on CETA Reauthorization held on February 11, 1982 from 10:30 a.m. until 6:45 p.m. in North Philadelphia. Several hundred persons were in attendance at the forum and 51 persons gave testimony, including representatives of community-based organizations and agencies, past and present CETA participants and public officials, including Congressman William H. Gray, III, a co-sponsor of H.R. 5320.

To assist in your review and study, we have provided a summary document which gives the highlights of the testimony given at each session with a general overview which focuses on the issues of private sector involvement, youth and displaced workers. The appendices include a list of all those who testified, identified by organization or position, and the formal position on CETA Reathorization as adopted by the Employment and Training Advisory Council of the City of Philadelphia. Each volume also includes an index following the testimony transcript which gives the pages on which each individual's testimony can be located.

It was our initial hope that our Advisory Council, through its Chairman, could present an overview of the Philadelphia-area testimony during the Reauthorization Hearings which were held in the District of Columbia

ADVISORY COUNCIL TO THE OFFICE OF EMPLOYMENT & TRAINING, CITY OF PHILADELPHIA
William J. Green, Mayor

during the week of March 15, 1982. Unfortunately, due to the sheer number of others who wished to speak on this issue, we were unable to obtain testimony time. We would request, however, that this testimony be entered into the official record of those hearings and that the input of the Philadelphia region considered by the Subcommittees in the House of Representatives and in the Senate as they continue their deliberations regarding the future of employment and training programs in this nation.

Thank you for your consideration in this matter. Be assured that I and the members of this Advisory Council stand ready to assist members of Congress in any way we can to assure that the nation maintains its networks of essential job training services.

Sincerely,

Joseph Watlington, Jr.
Chairman

JW,JR:rh

cc: William J. Green, Mayor, City of Philadelphia
Willie F. Johnson, Executive Director, Office of Employment and Training
William H. Gray, III, Congressman

CETA REAUTHORIZATION FORUM
SUMMARIES OF TESTIMONY
THE EMPLOYMENT & TRAINING ADVISORY COUNCIL
CITY OF PHILADELPHIA, PENNSYLVANIA
FEBRUARY 11, 1982

Joseph Watlington, Jr.
Chairman
Employment and Training Advisory
Council - Philadelphia

CETA REAUTHORIZATION FORUM
FEBRUARY 11, 1982
SUMMARIES OF TESTIMONY

Employment and Training Advisory Council
City of Philadelphia

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Appendices

A. List of Persons, Agencies and Groups Providing Testimony

B. Position of the Employment and Training Advisory Council, City of Philadelphia

INTRODUCTION

The Employment and Training Advisory Council of the City of Philadelphia held a day-long public forum on Thursday, February 11, 1982, concerning the proposed reauthorization of federally-funded employment and training programs. Cooperating with the Philadelphia Council in this endeavor were the Manpower Advisory Council of Chester County, Pennsylvania and the Private Industry Council of Camden City, New Jersey. Support was also received from CETA programs in Delaware County, Montgomery County and Bucks County in Pennsylvania.

Invitations for participations were sent to all agencies with subcontracts for CETA programs in Philadelphia, Board Members of the Private Industry Council of Philadelphia, CETA Prime Sponsors and Private Industry Councils in Pennsylvania, Delaware and Southern New Jersey, Congressmen representing districts in the Philadelphia Metropolitan area, the Senators for Pennsylvania, Delaware and New Jersey and all elected public officials at the state and local level in Philadelphia. In addition, the forum was announced in newspaper advertisements to assure that information on the forum was available to any individual wishing to give testimony. All invitations to the forum contained a letter from the Chairman of the Advisory Council, Joseph Watlington, Jr., and a document entitled "CETA Reauthorization: the Actors and the Issures" to focus testimony directly on the issues. Persons who had not received an initial mailing but who called to request testimony time, were also sent a copy of the CETA Reauthorization document.

A total of 46 persons provided oral testimony, most representing community-based agencies and organizations. (See attachement A) An additional five persons who were unable to testify in person provided written testimony which has been introduced into the record. The total record of testimony is contained in five volumes, one for each of the four sessions held on February 11, 1982, and one for the testimony that was submitted to the Council in written form. It is felt that by providing complete transcripts of the forum to the United States Senate Subcommittee on Employment and Productivity chaired by Senator Dan Quayle, the United States House of Representatives Subcommittee on Employment Opportunities chaired by Representative Augustus F. Hawkins and Philadelphia Mayor William J. Green, the information can be utilized in the national and local deliberations regarding the employment and training system that will exist for the remainder of the 1980s and beyond, Copies of this summary of the proceedings have been provided to members of the sponsoring advisory and private industry councils, persons who provided testimony, United States Senators and Representatives from the Philadelphia metropolitan area and those individuals who specifically requested a copy of the summary. A copy of the complete transcript is available for on-site review in the Community Information division of the Office of Employment and Training, City of Philadelphia, at 1234 Market Street, 3rd floor, between the hours of 9:00 a.m. to 4:00 p.m., Monday to Friday.

BACKGROUND

The impetus for holding the public forum on CETA Reauthorization came as a result of discussions by the Philadelphia Advisory Council regarding the positions it would adopt on the issues involved in the reauthorization debate. The Council decided on a five-step process in this regard. First, the Council's planning committee, chaired by Dr. Janice Madden of the University of Pennsylvania, prepared a series of draft position papers on key issues. Second, the Council discussed and debated the draft position papers adopting them, with modifications, on February 2, 1982, as the Council's position. Third, the Council heard testimony on CETA Reauthorization at the public hearing. Fourth, the Council reviewed its position paper in light of the testimony heard at the public forum, making those changes in its position that it felt were necessary. The final step is the forwarding of this summary document and the complete transcripts of the public forum to the House of Representatives and to the Senate as a formal record of the views of residents of the nation's fourth largest city and its surrounding metropolitan area regarding the future of federally-funded employment and training programs. As a result of the testimony at the hearings, the Council added a section endorsing basic education services linked to skills training and job placement to its official position. (See attachment B). Issues not addressed in the Council position which were repeatedly endorsed by persons giving testimony were:

- the need to include training in enterprise zone proposals;
- the need for better linkages between employment and training, vocational education and the employment service;
- the need for community-based organization and labor unions to play a major role along side private industry and government in implementing the new employment and training system;
- the need to provide for longer and more complex training and retraining programs geared for the more technical employment fields;
- the need to continue to provide for work experience through summer jobs programs for youth and public service employment for adults; and
- the need to target groups in addition to youth such as low-income women, welfare recipients, ex-offenders and ex-addicts.

REVIEW OF KEY ISSUES

Private Sector

Most of the individuals testifying expressed strong support for the existing prime sponsor system and considerable skepticism regarding the amount of investment that the private sector would be willing to make in the new system. There was, however, general agreement that the private sector should have an increased role in the planning aspects of the employment and training system to assure that training is not provided in a vacuum.

Helen Faust, Chair of the Government Relations Committee of the United Way of Southeastern Pennsylvania, articulated the feelings of many who testified in her comments:

> "Neither Senator Quayle's nor Congressman Hawkins' legislative proposals seem to offer very much except short-term solutions and the transfer of prime responsibility to private industry. While individual corporations have been generous in support of many good causes, they have not shown themselves significantly involved in the solution of the socio-economic problems of the magnitude of unemployment. As a matter of fact, it has appeared to be in the best interests of business and industry over the years to increase their use of advanced technological equipment, which reduces their dependence on human labor without seeking solutions for those displaced by such changes. It seems almost a conflict of interests to expect from them the solution of unemployment problems. It may well be that there is in this move the intent to involve industry more directly in long-term solutions, but that is not explicit in the legislative proposals appearing thus far." (Session III, Pg. 41)

In a similar vein, Dr. George Richmond, Executive Director of the Private Industry Council (PIC) of Philadelphia, made the following statement regarding the private sector role as part of his testimony representing the Council.

> "The private sector is interested fundamentally in the profits' picture. It's fundamental point is that an economic entity is not a social service entity, and that point has been made countless times by PIC and its members to its staff and to its public.
>
> It is prepared to deal with the economic development of population on an economic basis, but not to be on a social service basis. That does not mean that the social service basis is wrong. It just means that companies in this town and in other towns across the country are not prepared to take that role. They prefer to see that role handled by

> community-based organizations and by other institutions that are better prepared and are focused not on the economic mission of survival of their businesses, but on the social amenities of survival of the people involved, and so there's a duality in the program of employment and training, one, an economic principle of action and of activity, and the other a social purpose. I would propose that at the local level, and perhaps in this bill, it would be reflected that where the private sector is involved that we recognize that they're going to do that for economic reasons." (Session IV, pp. 19-20)

Helen Scherer, Director of Economic Development and Employment for the Urban League of Philadelphia, also addressed the issue of private sector particiapation in employment and training.

> "CETA, the legislation and program we are here today to discuss, has enjoyed some effectiveness in dealing with the private sector. On-the-job and pilot vestibule training programs have been on the whole very successful. Locally in Philadelphia, the CETA Skills Training Improvement Program, STIP, addressed the issue of occupational needs in private industry. People were trained in such diverse areas as medical technology, shoe repair and sewing machine repair; all areas where there were numerous openings and a dearth of qualified job candidates. Please realize that these occupations were identified by the private sector as lacking in personnel. However, the private sector looked to the government for help. They did not solve the problem themeselves. While they were willing to provide oversight to training programs and small donations of equipment, they did not pool their own resources to train individuals.
>
> The administration proposes to stimulate the private sector to make this commitment by means of incentives, such as tax credits or bonuses for hiring the disadvantaged. Let us look to the experience of several youth programs under CETA which incorporated these concepts. Youth are a group who are of particular concern, and whom we all agree are more difficult to serve. Two model programs were conducted in Philadelphia which permitted the placement of youth into private sector, subsidized positions, something normally forbidden under CETA. Contrary to what you might expect, employers did

> not rush to take advantage of these programs. They had to be cajoled to overcome their resistance to being bound by government paperwork and hiring disadvantaged, unskilled youth that they had to train themselves.
>
> The programs I just mentioned were operated two and three years ago, at a time when inflation and interest rates were lower and at a time when the private sector was not so desperate to grasp at any means to obtain the capital it requires to stay in business. In today's economic climate where whole industries teeter on the brink of disaster, what makes the administration think that corporate responsibility to the community will take precedence over the bottom line?" (Session II, pp. 53-55)

In his remarks, Congressman William H. Gray III summed up the difficulties of a totally private sector approach in this area.

> "...I would like to see greater private sector involvement. ....Unfortunately, when we look at the history of private sector involvement with federal programs, we do not see the development of a great number of jobs. I think that has been .... the way some of the programs were structured — the limitations, the bureaucratic red tape, the disincentives. Therefore, I question whether or not one should move totally toward the private sector so rapidly [in reauthorization] and whether they will be able to handle the load. This is particularly true when you look at certain regions of the country.
> ....[For example] in cities like Philadelphia, you have an economy that is contracting; you don't have the great job creation in the private sector. And so what happens is the private sector is looking for highly skilled people who can fill every technical kinds of positions, and we don't have at this point the kinds of programs that provide the training for those persons.
>
> (Session I, pp. 35-36)

Youth

The high unemployment among Philadelphia youth - second only to Detroit - was continually referenced in the testimony as was the need for continuation of the summer jobs program. Also stressed in testimony were the need for cooperation with the schools, relaxation of strict income guidelines for youth activities and opposition to a youth "sub-minimum wage" for youth in real work situations.

The Philadelphia Youth Advisory Committee, which is the entity mandated by CETA regulations to advise the City on its youth employment and training programs, addressed the issue of summer youth jobs as follows in testimony delivered by its chairman, Albert Glassman, Executive Director of Career Education for the Philadelphia Public Schools:

> "It is our feeling that whatever federal legislation is finally established regarding employment and training, there must be a separate title for youth. We believe that the problems youth encounter in their quest for employment differ distinctly from those faced by the adult population, and therefore, must be addressed in a separate way.
>
> The problems of unemployment and unemployability that face us here in Philadelphia are probably not dissimilar from those of other major urban centers across America, and they are problems that will not go away quickly. Therefore, provision of a separate title begins to acknowledge that youth unemployment is a national issue.
>
> We believe conditions beg for the development of a national policy on youth. Not only are the problems across the country similar, but we believe that solutions to these problems may also be similar, and that a national framework will help all of us better focus on those solutions.
>
> It is our further belief that national policy snould contain a specific subsection that focuses on the special summer opportunities for the training of young people. We would caution, however, that summer programs should not be conceived in isolation, but rather should be used as part of the year-round planning of services that are available to youth."
>
> (Session I, pp. 38-39, 41-42)

Youth

The importance of programming for youth was addressed in the testimony of Elmore Johnson, Executive Director of Hartranft Community Corporation, a social services facility in North Philadelphia. Mr. Johnson, who also serves as the Vice Chairman of the City of Philadelphia's Youth Services Commission, made the following statements speaking for the Hartranft Corporation:

> "Under the City administration, the effort to employ young people last summer was significantly increased and it has been verbalized as well as demonstrated that youth are becoming a priority of this City. But, although the summer employment program is a part of the solution, it in itself is not the solution. A more long range, year-round activity must be put in place to address the employment and training needs of the many 17 to 21 year old youth who are out of school.
>
> Youth, as the future of America, should be a national priority. Yet we see the abolishment of the White House Conference on Children and Youth, cuts in the food stamp program as well as child nutrition programs.
>
> ...Youth of this nation, who will come to see a system that has repeatedly made them less of a priority and fails to adequately address their employment and training needs, will ultimately be turned off by the system.
>
> ...To deny opportunity and assistance to our city's youth at the start of their employment career is a mistake we can no longer afford to tolerate."

(Written Submission, pp. 20-21)

Displaced Worker

Another area of high priority was the issue of displaced workers, especially given the high number of plant closings that have occurred in the Philadelphia area in recent years.

Testimony focused both on implementing of specific retraining programs for these workers in high growth fields and on systematic approaches to mass joblessness through the linking of employment and training programs with inner city "Enterprise Zones" and through the return of large scale public employment programs.

Camden, New Jersey Mayor, Melvin R. Primas, Jr. spoke about this in his testimony regarding the City of Camden:

> "Without significant public intervention, the following demographic and economic trends are likely to continue:
>
> - A decrease in private sector employment opportunities, as evidenced by continuing declines in the manufacturing and retail trade sectors;
> - A worsening of the competitive stance of Camden compared to adjacent suburban jurisdictions for attracting industrial, commercial and residential growth;
> - An increasing pool of under-educated, poorly-trained minority youths, and;
> - Resulting increases in the City's unemployment rates with a growing proportion of City residents dependent on public assistance for their means to live.
>
> A few indicators prove this gloomy scenario is occurring in the City of Camden today.
>
> Between 1950 and 1978, manufacturing employment in Camden declined by 75 percent from 43,267 to 13,500 jobs. Between 1958 and 1977, the number of retail establishments also fell by more than 75 percent — from 1,686 to 542.
>
> ...As we look at the House and Senate proposals, however, we must recognize that none of them are designed to address the special human capital needs of a distressed city like Camden, or East St. Louis, or Chester, Pennsylvania. In Camden, and similar cities,

> an effective employment and training strategy must be linked to economic development efforts — to job creation and job retention in small businesses." (Session I, pp. 16-17, 22)

Similarly, in testimony delivered for the City of Philadelphia, Managing Director W. Wilson Goode urged support for programs specifically to assist displaced workers.

> "While the young people suffer in the work place because they have no work histories, there is another category of workers who suffer because they have work histories, the displaced workers. In recent years, Philadelphia has lost manufacturing jobs. Each of those job losses can be measured in human terms. When a man with an eighth grade or less education who has been working in a semi-skilled job for 10, 15, 20 years earning $10 an hour loses his job, where does he go? The jobs for which he is fitted pay only minimum wage if they exist at all; and on minimum wage, there are not the funds to pay the mortgage, to keep the children in college, to live the lifestyle that he has created for himself and his family with his years of hard work.
>
> We are pleased that the Quayle-Kennedy Employment and Training Bill in the Senate and the Hawkins' Bill in the House of Representatives address the issue of set-asides for young displaced workers and are hopeful that funds for these groups will be targeted toward regions like the Delaware Valley and cities like Philadelphia, which need such funds." (Session IV, pp. 6-7)

In testimony on behalf of the Employment and Training Foundation, Richard W. Bourbon said:

> "We believe that special programs have to be developed to handle the massive layoffs. Companies and now government agencies are laying individuals off and have to become more directly involved in aiding these individuals or orienting themselves to this layoff situation. So we see a need for employers to increase their involvement and development, perhaps a placement center at the place of employment to help the laid-off employees find new work as quickly as possible." (Session III, p. 45)

SUMMARIES OF TESTIMONY BY SESSION

Session I
Time 10:30 a.m.

Panel: JOSEPH WATLINGTON, JR., Chairman, Employment and Training Advisory Council
Philadelphia, Pennsylvania
JANICE MADDEN, Planning Committee, Employment and Training Advisory Council
Philadelphia, Pennsylvania
ANDREW VITAGLIANO, Chairman, Private Industry Council
Camden, New Jersey
BENJAMIN SMALLWOOD, President, Camden Economic Development Corporation
Camden, New Jersey

Persons Testifying: MELVIN R. PRIMAS, Mayor, Camden, New Jersey
WILLIAM H. GRAY, III, Member of Congress
ALBERT GLASSMAN, CETA Youth Advisory Committee
Philadelphia, Pennsylvania
NEIGHBORHOOD YOUTH CORPS PANEL
SEYMOUR J. ROSENTHAL, Temple University
DAVID CHRISTIAN, U. S. Vietnam Veterans Organization
ZENOBIA WARIDI speaking for DWIGHT EVANS, State Representative
Philadelphia, Pennsylvania (District 203rd)

Session I opened with a reading of the position adopted by the Philadelphia Advisory Council. The first two individuals offering testimony were elected officials - Melvin Primas, Mayor of the City of Camden, New Jersey and William H. Gray III, Congressman from Second Congressional District, Philadelphia. Mayor Primas testified regarding the importance of employment and training, especially when linked to economic development. Representative Gray gave an overview of the Quayle-Kennedy and Hawkins proposals for reauthorization and indicated his support for the Hawkins version.

Testimony at this session focused on the need for a continued prime sponsor system with an increased role for the private sector and more local flexibility. There was support for the summer youth program, for on-the-job training programs and for basic education to address the needs of the majority of individuals who come to CETA intake sites lacking the basic reading and writing skills to enter training programs and for programs for in-school youth and veterans.

Session II
Time 1:45 p.m.

Panel: JOSEPH WATLINGTON, JR., Chairman, Employment and Training Advisory Council
Philadelphia, Pennsylvania
JAMES HENDRICKS, Regional Director, Office of Employment Secruity/Job Service
Philadelphia, Pennsylvania
ROBERT FREEMAN, Director, Personnel and Labor Relations, Philadelphia County Board of Assistance
Philadelphia, Pennsylvania
YVONNE HASKINS, District Supervisor, Board of Probation and Parole
Philadelphia, Pennsylvania
ALBERT GLASSMAN, Chairman, CETA Youth Advisory Committee
Philadelphia, Pennsylvania

Persons Testifying: JOHN F. KENNEDY SKILLS CENTER PANEL
MELEANSE SHAW-TAYLOR, Women In Work Coalition of Greater Philadelphia
YOUTH DEVELOPMENT CORPORATION PANEL
MEL ZIMMERMAN, Botony 500 Clothing Manufacturers
BENJAMIN STAHL speaking for HARRY BOYER, Pennsylvania Council, AFL-CIO
DAVID COHEN, City Councilman
Philadelphia, Pennsylvania
HELENE SCHERER, Urban League of Philadelphia
EDWARD J. LOWRY, Vietnam Veterans Multi-Service Center
JAMES RYAN, speaking for HENRY NICHOLAS, Union of Hospital and Health Care Workers

Session II testimony repeated the basic themes of Session I regarding maintenance of the prime sponsor system. Testimony by the Pennsylvania AFL-CIO was significant at this session. That testimony opposed wage subsidies in the private sector and a youth sub-minimum wage. The AFL-CIO supported public service employment. Philadelphia City Councilman David Cohen urged an employment appropriation of at least $5 billion with provision for paid stipends. Services for youth were a key issue for this session.

Session III
Time 3:15 p.m.

Panel: JOSEPH WATLINGTON, JR., Chairman, Employment and Training Advisory Council
Philadelphia, Pennsylvania
DONALD BURR, Chairman, Manpower Advisory Council
Chester County, Pennsylvania
RODNEY LOPER, Director, Veterans Services
Chester County, Pennsylvania
JUDY IAMURRI, Executive Director, YWCA
West Chester, Pennsylvania
GEORGE RICHMOND, Executive Director, Private Industry Council
Philadelphia, Pennsylvania

Persons Testifying: JOHN MacDONALD, Impact Services
CATHERINE COX, YWCA New Jobs for Women Project
CORA NEUMAN TRUANCY PROJECT PANEL
EDWIN SCULLY, Spring Garden College
LeROY SNYDER, Greater Philadelphia Federation of Settlements
HELEN FAUST, United Way of Southeastern Pennsylvania
RICHARD BOURBON, Employment and Training Foundation
DAGMAR McGILL, Big Sisters of Philadelphia
GEORGE BRITT, National Association of Puerto Rican Youth

Session III testimony stressed the need to involve community-based organizations in the planning and in the delivery system for employment and training programs. Basic education, job search assistance and supported work were given as program options that should be encouraged under the new system.

It was asked that the current limits on programs with income-generating activities be eliminated in reauthorization to allow for additional revenues for programs and individual participants. There was concern that a heavily placement-oriented system would turn away those most "at-risk" unless special incentives were written into the legislation. The need to link training programs with economic development and with defense projects was also addressed.

Session IV
Time 5:05 p.m.

Panel: JOSEPH WATLINGTON, JR., Chairman, Employment and Training Advisory Council
Philadelphia, Pennsylvania
THOMAS ANDERSON, JR., Director, Community Relations, Temple University
Philadelphia, Pennsylvania
ALBERT GLASSMAN, Chairman, CETA Youth Advisory Committee
Philadelphia, Pennsylvania

Persons Testifying: W. WILSON GOODE, Managing Director, City Of Philadelphia
BRUCE GREINER, Pennsylvania Association of Prime Sponsors
GEORGE RICHMOND, Private Industry Council of Philadelphia
EDWARD BROWN, NuLife Services
VIVIAN WILLIAMS, Philadelphia Unemployment Project
GLORIA JOHNSON, Parkside Association
EDWARD SCH[illegible]TZ, Institute for the Study of Civic Values
JIMMY SMITH, Diamond Heights Association
PETER DIACHENKO, Court of Common Pleas, Probation and Parole
HAROLD COHEN, Job Developers Coalition of Southeastern Pennsylvania
CHARYN SUTTON speaking for JOHN HEINZ, U. S. Senator
Philadelphia, Pennsylvania

Session IV opened with the official testimony of the City of Philadelphia, given by Managing Director W. Wilson Goode. Mr. Goode's testimony was followed by the official position of the State of Pennsylvania's Prime Sponsor Association as read into the record by Bruce Greiner.

Other testimony at this session included support for public service employment, especially in rebuilding the urban infrastructure, support for basic education and on-the-job training as program options and the need for community-based organizations to play a major role in the new system. The executive director of the Philadelphia Private Industry Council testified on the need for "up-front" job commitments prior to beginning skills training. The local Job Developers Coalition suggested that extra federal funds be provided to prime sponsors that generate funds locally for employment and training activities.

The final session closed with a statement provided by Senator John Heinz which was read into record. Heinz supported the Quayle-Kennedy bill on reauthorization and stressed the need for coordinating such programs with incentives for the business community such as the Targeted Jobs Tax Credit (TJTC).

WRITTEN TESTIMONY SUBMISSIONS

Persons Submitting: ROBERT A. BORSKI, State Representative
Philadelphia, Pennsylvania (District 175)
LUCY SAYRE, Philadelphia Citizens for Children and Youth
ALBERT CARTER, Philadelphia Council for Neighborhood Education
JOHN J. CRAFT, John F. Kennedy Skills Center
ELMORE JOHNSON, Hartranft Community Corporation

Additions to their oral comments were provided by:
SEYMOUR J. ROSENTHAL, Temple University
EDWIN E. SCULLY, Spring Garden College
LeROY SNYDER, Greater Philadelphia Federation of Settlements

State Representative Borski suggested that cities like Philadelphia could experience difficulties in receiving adequate funding if the block grant for employment and training goes through the states. Other testimony reiterated points made in the oral testimony including training for growth fields, linkages to enterprise zones, targeting of services for youth, linkage with schools for vocational education, need for adequate funding levles and a major role for the private sector and community-based organizations in a modified prime sponsor system.

CONCLUSION

In this review of the testimony provided at the public forum on CETA Reauthorization, most of the focus has been on statements by agency spokespersons and public officials who articulated positions on the delivery systems, the groups to be targeted, the roles of the private and public sectors and the need for linkages. Yet equally persuasive testimony was provided by adults and young people who had benefited from programs funded under the Comprehensive Employment and Training Act (CETA).

Among the individuals who gave personal testimony were Meleanse Shaw-Taylor, a former public service employee who now is an executive with a data processing firm; Albert Carter, who became a community organizer as a result of a CETA-funded job readiness program and David Lester, and 18-year-old high school graduate who is learning marketable skills in construction through a CETA-funded youth program. Excerpts from their testimony provide a fitting conclusion to this report.

> 'My name is Meleanse Shaw-Taylor and I am the Chairperson of the Women in Work Coalition of Philadelphia, . . . a coalition of approximately 40 to 50 organizations and individuals that are interested in improving both the quality of education and training for women and female teenagers in the City of Philadelphia and Greater Philadelphia area.
>
> . . .were it not for the CETA system, . . . I would not presently be a manager in a data processing company with a totally unsubsidized pay check — I mean totally unsubsidized. I owe that experience all to the training that I received as a public service employee four years ago and, thereby, was able to continue a career path that has been successful for me and very successful for a lot of other folks that have come from CETA's doors."
>
> Meleanse Shaw-Taylor
> (Session II, p. 11)

CONCLUSION

"My name is Albert Carter. I am the Administrative Assistant of the Youth Job Readiness and Life Skills Management Program sponsored by the Philadelphia Council for Neighborhood Education. This program operates in six North and West Philadelphia communities.

. . . My first job as a community organizer for CLASP - The Citizens Local Alliance for a safer Philadelphia - was made possible by a job readiness and placement program funded through CETA.

Many people will stand before this Council and give verbal testimony because of their community, religious, political or personal interests. But I stand before you as living testimony. Programs such as CETA work! And these types of programs are needed to help combat youth and minority unemployment discrimination. They're needed to help divert the feeling of helplessness and hopelessness that led to the civil and disorders of the sixties."

Albert Carter
(Written Submission, pg. 9)

"My name is David Lester. I live at 2422 North Howard Street. I am 18 years old. In June of 1982, I graduated from Central High School, hoping to begin my college education. My aunt, who was going to help with the expenses, was stricken with cancer and had a lengthy hospital stay of 52 consecutive days at one point. It took our savings, which a portion was to be used for my education. Realizing this, I opted to stay at home and work, but I found getting employed very difficult since I had attended an academic school. Most jobs involve a trade or skill, which I never acquired while studying math and science at Central.

. . . I spent the next few months reading want ads and looking in department stores for jobs. The ads had plenty of jobs, but only for people with experience or who owned a car. I wondered how in the world is a guy fresh out of high school going to have experience as a dental assistant or business executive or in management.

CONCLUSION

> . . . Next I went to the CETA intake office at Broad and Columbia. I realized that all my academic studies weren't going to find me a job. There I decided to learn a trade, a skill, something I could do with my hands. I was referred to the Youth Development Corporation (YDC).
>
> . . . a trade is something that you can put to work for yourself. Once you learn to hang a door, put in a window or lay a floor, it stays with you, but you can study algebra and others, excel in them and in a week or something you could be confused by it when you see it again. Hanging doors, patching roofs, plastering walls, these things never change. That is what makes programs like YDC so important. That is why the budget must not be cut.
>
> My ultimate goal is still to attend college, whether it be an inner-city college or whatever, and working at YDC will help me and others like me achieve that goal."

David Lester
(Session II, pp. 22-23)

APPENDICES

A. List of Persons, Agencies and Groups Providing Testimony

B. Position of the Employment and Training Advisory Council, City of Philadelphia

"A"

TESTIMONY LIST

PUBLIC OFFICIALS

ROBERT A. BORSKI, JR., Member, Pennsylvania House of Representatives (District 175th)

DAVID COHEN, Member, City Council of Philadelphia, Pennsylvania

DWIGHT EVANS, Member, Pennsylvania House of Representatives (District 203rd)

W. WILSON GOODE, Managing Director, City of Philadelphia, Pennsylvania

WILLIAM H. GRAY, III, Member, United States House of Representatives (Pennsylvania, Second District)

JOHN HEINZ, Member, United States Senate (Pennsylvania)

MELVIN R. PRIMAS, Mayor, City of Camden, New Jersey

AGENCIES AND GROUPS

AFL-CIO - PENNSYLVANIA COUNCIL
Benjamin Stahl for Harry Boyer

BIG SISTERS OF PHILADELPHIA
Dagmar McGill

BOTONY 500 CLOTHING MANUFACTURERS
Mel Zimmerman

CETA YOUTH ADVISORY COMMITTEE - PHILADELPHIA
Albert Glassman

CORA - NEUMANN TRUANCY PROJECT
Mike Bradley
Anthony Harris
Angela Long

COURT OF COMMON PLEAS, PROBATION AND PAROLE
Peter Diachenko

DIAMOND HEIGHTS ASSOCIATION
Jimmy Smith

EMPLOYMENT AND TRAINING FOUNDATION (ETF)
Richard Bourbon

GREATER PHILADELPHIA FEDERATION OF SETTLEMENTS (GPFS)
LeRoy Snyder

HARTRANFT COMMUNITY CORPORATION
Elmore Johnson

IMPACT SERVICES
John MacDonald

AGENCIES AND GROUPS - Cont.

INSTITUTE FOR THE STUDY OF CIVIC VALUES
    Edward Schwartz

JOB DEVELOPERS' COALITION OF SOUTHEASTERN PENNSYLVANIA
    Harold Cohen

JOHN F. KENNEDY SKILLS CENTER, SCHOOL DISTRICT OF PHILADELPHIA
    John J. Craft
    Belton Mobley
    William Ware
    Fred Watson
    Walker Strickland

NATIONAL ASSOCIATION OF PUERTO RICAN YOUTH
    George Britt

NEIGHBORHOOD YOUTH CORPS, SCHOOL DISTRICT OF PHILADELPHIA
    Edward Booker
    Carlos Casella
    Benjamin DiTullio
    Paul Jarosh

NU-LIFE SERVICES
    Edward Brown

PARKSIDE ASSOCIATION
    Gloria Johnson

PENNSYLVANIA ASSOCIATION OF PRIME SPONSORS
    Bruce Greiner

PHILADELPHIA CITIZENS FOR CHILDREN AND YOUTH
    Lucy Sayre

PHILADELPHIA COUNCIL FOR NEIGHBORHOOD EDUCATION
    Albert Carter

PHILADELPHIA UNEMPLOYMENT PROJECT (PUP)
    Vivian Williams

PRIVATE INDUSTRY COUNCIL (PIC) - PHILADELPHIA
    George Richmond

SPRING GARDEN COLLEGE
    Edwin Scully

TEMPLE UNIVERSITY, CENTER FOR SOCIAL POLICY AND COMMUNITY DEVELOPMENT
    Seymour J. Rosenthal

U. S. VIETNAM VETERANS' ORGANIZATION
    David Christian

UNION OF HOSPITAL AND HEALTH CARE WORKERS - 1199C
    James Ryan for Henry Nicholas

UNITED WAY OF SOUTHEASTERN PENNSYLVANIA
    Helen Faust

AGENCIES AND GROUPS - Cont.

URBAN LEAGUE OF PHILADELPHIA
  Helene Scherer

VIETNAM VETERANS' MULTI SERVICE CENTER
  Edward Lowry

WOMEN IN WORK COALITION OF GREATER PHILADELPHIA
  Meleanse Shaw-Taylor

YWCA - NEW JOBS FOR WOMEN PROJECT
  Catherine Cox

YOUTH DEVELOPMENT CORPORATION (YDC)
  Linwood Filbott
  David Lester
  John Stout

"B"

POSITION OF THE EMPLOYMENT & TRAINING ADVISORY COUNCIL CITY OF PHILADELPHIA, ON CETA REAUTHORIZATION

I. Goal:

Increase the employability in the private sector and public sectors of program clientele through training and skill development.

II. Outputs /Performance Standards:

Performance standards or expectations should be based on the clientele of the subcontractors. Subcontractors who "cream" by taking only the most skilled should meet higher standards than those who work with a more disadvantaged clientele. Because any single index reflects only a part of the overall effectiveness of a subcontractor, we recommend that several indexes be used. For both the prime sponsor and individual subcontractors, output should be evaluated routinely not only on the basis of average wage at placement and cost factors, but also on the basis of:

(1) percent of program entrants who complete the program.

(2) percent of program completers who are placed in a job.

(3) percent of program entrants who are placed in a job.

(4) average wage of program completers for first six months after completion plus any transfer payments foregone (i.e., welfare, social security, unemployment insurance).

III. Clientele:

Employment and training efforts should focus on the structurally (as opposed to the cyclically) unemployed. Eligibility should be determined on the basis of a means or income test as is the current policy. In addition, a small percentage (10 to 15 percent) of the funds available to the prime sponsor should be eligible as a discretionary set aside for individuals who cannot meet the means test. These individuals would include persons in upgrading and retraining programs, displaced homemakers, and other persons who may be disadvantaged but cannot produce sufficient documentation of their needs.

IV. Strategies:

Employment and training efforts must continue to utilize a variety of strategies in meeting the needs of a varied clientele. We must recognize that some strategies are better in dealing with job-ready candidates but are not appropriate for candidates who require more skills. Other strategies are not effective for the job-ready but are effective for the

IV. Strategies:(continued)

unskilled. We must not be fooled by strategies which create high private sector placement rates by placing those clients who could have been placed without any of our assistance. Nor should we shun strategies which focus on our more distressed clients and report lower placement rates precisely because they are attempting to prompt real changes and improvements for the most needy.

For the most job-ready of our clientele, we encourage the development of job programs with the cooperation of consortiums of employers, trade groups, or unions who guarantee jobs for participants. These programs should be expanded to include the private nonprofit and the public sectors as well as the private for profit sector currently targeted by PIC. While these job programs may involve classroom, vestibule, on-the-job training, or work experience in the private sector, they should all include a prior employer commitment to hire the participant. We would recommend that client recruitment efforts in these programs focus on interviews and testing for specific slots with clients being notified immediately of the outcome of the selection process.

Because a substantial proportion of our clientele are not job ready and would not be selected by employers for a prior employment commitment program, we cannot rely totally or even primarily on such programs. Therefore, training efforts cannot rely principally on the private business sector. Aptitude testing, counseling, classroom training, work experience in the private and public sector and other activities not controlled by the private for profit sector must remain to assist the more seriously job disabled who require both greater resources and risk to successfully obtain employment.

Upgrading programs which attempt to upgrade entry level personnel and place our clients in the vacated jobs should be continued. However, employers/unions should be compensated for their training only after our clients have been placed in the vacated entry jobs. We also recommend that we do not fully pay the salaries of upgraded employees during their training.

Trainee allowances should be a combination of compensation for out-of-pocket costs during program participation and bonuses for successful performance. They should not provide general support as this is the obligation of social welfare and insurance programs. Similarly, experimentation in the payment of bonuses to private sector employees who take on the training and supervision of our clients and who perform these tasks well by objective standards should be permitted.

V. Operations:

The program should be governed by a single board which has decisionmaking power over planning and programmatic activities. It should not be advisory. The board should include representatives who would hire program clientele from small and large firms in the private for profit sector, from the nonprofit sector, and from the public sector. In addition, representatives from unions and other subcontractors who participate in the program should be included.

The current prime sponsor arrangements should be maintained. Funds should not be channeled through the state.

At least 30 percent of the program budget should be reserved for youth. There should be no other specifically targeted populations. The local prime sponsors should be free to emphasize programs for the remaining clientele as they deem appropriate.

A portion of the grant not to exceed 18 percent of the program budget should be mandated for basic and remedial education programs through existing educational institutions and/or alternative programs in conjunction with specific skills training or job placement.

Because the overall health of the local economy determines the ease with which individuals with employment difficulties can be placed, it is vital that declining or distressed localities be given a more than proportionate share of federal funds if they are to provide the same level of promise for individual clients.

Failure to document eligibility for 10 to 15 percent of program clientele should be acceptable not only for the substantive reasons mentioned above, but also to reduce paper work.

The new employment and training act should cover at least a three year period and guarantee at least a minimum funding level for the time period.

TESTIMONY OF THE NATIONAL BOARD, YWCA OF THE U.S.A.

ON NEW EMPLOYMENT AND TRAINING LEGISLATION

FOR THE

JOINT HEARINGS OF THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

AND THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

The National Board of the Young Women's Christian Association of the U.S.A., on behalf of YWCAs that serve women and girls in approximately 6,000 locations in this country, takes this opportunity to draw upon its 100+ years of experience in this statement for the Joint Hearings of the Senate Subcommittee on Employment and Productivity and the House Subcommittee on Employment Opportunities about the bills for new Employment and Training Legislation now under consideration.

Throughout all of its years of service, the YWCA has held employment and training--especially that which affects women of all age groups--in high priority. It has used its own resources and worked with government, business, labor, other voluntary organizations and structures to bring the benefits of employment-related services to those of differing racial, ethnic and cultural backgrounds in order to assure their participation in the benefits of the American economy and--at the same time--to enable them to make their contribution to that economy and to American society as a whole.

At no time has this type of YWCA effort been more marked than it has during the years while the soon-to-expire Comprehensive and Training Legislation has been in effect. During that period, no less than 80 percent of the YWCA's member Associations have utilized the CETA-afforded opportunities to enhance the employability of a cross section of the citizenry in the communities which they serve. Included in that 80 percent are men as well as women, youth--in and out of school, teen mothers as well as those of older years, young, middle aged, and older adults. The YWCA programs and services that have moved an uncounted number of such persons--members of a cross section of the American populace--toward individual and family economic independence and the rewards and satisfactions that derive from learning and applying skills and arts that constitute successful job performance, cannot be enumerated in a statement of this nature. Let the record show that they moved across occupational lines, to include blue, pink and white collar employment; and let us be sure to include in the record the fact that YWCAs in numerous places now carry on their own payrolls individuals who came to them through the challenge which the CETA legislation presented. It is upon such experience and insight, duplicated in YWCA efforts across the country, that the following positions summarized below are imbedded. These positions include the following:

1. A deep-seated interest in long-range legislation that will continue the benefits that were accrued under CETA at the same time that it draws upon that experience to strengthen the possibilities for effectivitv. It seems clear that such long-range determinations at this time will preclude the economic losses that result from short-term, spasmodic laws that eventuate in interrupted efforts before they have time to make themselves felt and which entail disruption and wasteful pauses in what should be continuity of effort. For this reason the National Board YWCA urges that the legislation that is enacted as the CETA successor include safeguards that assure sound, long-range planning, continuity of effort, and stability of operations that are requisite to substantive results. If such legislation were to be established as the continuing, ongoing basis for stabilized, reliable employment and training services which would be subject to improvement and not readily susceptible to recurring interruption, it seems apparent that the chances for cost-effectiveness could be enhanced.

2. Recognition of the need for a funding level that is higher than that proposed by any of the bills now before the Joint Committee: at least $8 billion per year seems requisite for the critical purposes with which the proposed legislations is concerned. Funds established at this level, that remain responsive to Federal controls even though a high proportion of them are distributed to the States by the Secretary of Labor, can open the doors to essential employment and training without unnecessary risk of destructive competition on the basis of age, sex, occupational target or other factors that may be irrelevant to determinations of who should have such access. The essence of adequate funding is the importance of opportunities in sufficient volume to allow for equitable access by all who need them if they are to move away from involvement in, or endangerment of, long-term economic dependency.

   This interest in this level of funding does not preclude the necessity for or desirability of establishing sound eligibility criteria: the YWCA does urge, however, that there be a minimum allowance of 10 percent for the exemption of participants from the income standards, if such participants face other barriers to employment, e.g., displaced homemakers, offenders, handicapped persons.

3. The urgency of concrete, realistic provisions that assure the full and equitable participation of women at all levels of the employment and training that is to be made available under the new legislation is unassailable. Much has been written about the "feminization of poverty"* and the danger that, without deliberate planning and action the present level of this status could increase in the current and following decade. Thus, it does seem at once imperative that safeguards against the denial of limitation of access

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* *National Advisory Council on Economic Opportunity*, ***Critical Choices for the 1980s***.

to the needed opportunity for teen, adult, and older women be planned with care at the same time that accompanying precautions are made to assure equity of opportunity for males especially those who may be displaced workers, in need of retraining, long-term unemployed, heads of low-income households and others who meet the eligibility requirements for participation under the subject legislation. It is the firm conviction of the Young Women's Christian Association that these provisions should be established but that they will work effectively, only if the legislation carries adequate Federal control and if the funding is sufficient to provide the levels of opportunity that are essential.

4. Suggested in the above, but needing clearer expression is the YWCA support of discrete provision of services for key sectors of the population that should be targetted within this legislation. Special reference needs to be made to those--in addition to unemployed persons--who may be underemployed, displaced workers as indicated above--and/or workers in need of retraining to compete within the job market. It is common knowledge that American industry is going through many changes, developing and implementing new techniques, and retooling for production activities that will render significant methods characterizing their former technologies as obsolete. The reach of this to the women and men who have mastered those former methods is deep: already numbers of them are known to have been displaced. Some are reported to be moving around the country looking for places where their skills are needed; many are meeting familiar discouragement in new settings. It is significant that this group of participants in the American economy embraces white, pink, and blue collar workers.

The rapid advances in telecommunications, for example, may be cited as dramatic as those affecting better-known industries about which common information is bruited throughout the country's industrial communities. These changes affect not just seasoned workers; they endanger some young potential workers who may be learning skills that are moving rapidly toward obsolence; they are reported to have discouraged others to whom they present such strong barriers of unfamiliarity that they either leave or avoid the labor market and too frequently perceive themselves as economic failures with no alternative but to move toward illict means of earning their livelihoods. The training, retraining and eventual employment that is to be made available through any meaningful legislation must make provision for meeting the needs of these current and potential workers. In many instances, this adds groups of kindred workers to those who may be classified as "key sectors" of the legislated target population.

5. The importance of establishing eligibility requirements that are consonant with real need seems obvious. The YWCA supports the premise that the proposed legislation should be targetted primarily to economically disadvantaged persons aged 16 or older with an objectively determined family income ceiling approximating the 70% specified in two of the proposed bills. (See item 2 above, including reference to minimum allowance of ten percent for the exemption of participants from the income standards.)

6. Logic, as well as compassion and consistency, seems to dictate the requirement that provision be made for stipends and supportive services, and in response to need. Without such provisions, it seems more than likely that deserving, potentially productive persons and families will be deprived of the service that is crucial to their enrollment among those who achieve employment in accordance with capacities, interests and

preferences that characterize democracy at its functioning best. It seems important, also, to make point of the fact that such opportunities represent signal alternatives to crime and delinquency as life styles that may afford economic gains.

7. Maintenance of selected features of the CETA legislation that have been assessed and strenghtened repeatedly in the past and, without total destruction, are subject to further improvements and adjustments to meet current and anticipated problems: special reference is made here to continuity of the basic Prime Sponsor pattern complemented by Governor's "balance of state" jurisdictions without regard to new designations for this structure or for changes in the size or constellation of service delivery areas. Closely related to this position are questions that must be raised relative to the hazardous, block grant system which would operate without the essential Federal controls needed to assure responsible accountability in the interest of all of the people. Within the structure afforded by the Prime Sponsor pattern, it is feasible and desirable to extend representation of key sectors of the respective areas--with inclusion of those concerned with public interest for the purpose of increasing local involvement in all aspects of the program.

8. Among other provisions that have been tested and proven to be important is the allocation of adequate funds for National Programs. This would continue the availability of funds to deal with fluctuating conditions, emergency needs, and special programs which call for experimentation, demonstration, and testing.

9. The National Board YWCA and its affiliates have supported the Job Corps since its earliest days. Its present position--in support of retention of that employment training mechanism--follows, consistently, the history of the National Board YWCA as the sponsor of the Job Corps-YWCA Extension Program through which young female graduates of Job Corps in different parts of the country were moved into YWCA Residences and YWCA programs to receive supportive services while they engaged in transitional work experience activities that contributed to their full readiness for entry into the labor market as successful, competitive workers. Other YWCAs--notably those in Los Angeles, California and Jersey City, New Jersey, actually conducted Women's Job Corps Centers: the first of these is still active in Los Angeles. The Job Corps program is regarded by the YWCA as an important part of the effort to conserve the nation's youth and ready them for positive contributions to American life.

10. A logical follow-up of the above interest is that which may be expressed as strong support for provision, within the Employment and Training legislation of funding for the sponsorship of multi-site programs by National Voluntary Organizations that have demonstrated their capacity for delivery of technical assistance, central program and fiscal administration, monitoring, and related activities. The National Board YWCA bases this support on its own experiences and on that of other National Voluntary Organizations with which it has worked over the years: together these provide bases for judgment of efficiency and cost-effectiveness. The service delivery that derives from such arrangements has been proved, repeatedly, to eventuate in solid training and stable, reliable, competent workers.

11. The National Board of the YWCA concurs with the concept of deep participation in Employment and Training Programs by Private Industry; here, however, it is urged that the legislation assure a broad base of representation in Private Industry Councils of at least organizational representation of those business concerns that reflect the real composition of the nation's business communities: small business as well as large; minority businesses as well as nonminority; and women's enterprises. The preponderance and importance of small businesses as generators of jobs is widely documented, e.g., the Small Business Administration submits that 86.7 percent of the new jobs between 1969 - 1976 were made available by small business as compared to only 13.3 medium and large business.* As PICs are given increasingly larger allocations, expanding functions, and decision-making powers, their composition and policies become as significant as those of the other service delivery structures authorized by this legislation.

* * *

In this testimony, the National Board of the YWCA deliberately has refrained from focus upon the specific bills under consideration: many of the positions it advocates are distributed among these different versions of proposed legislation. The major purposes of this testimony is to emphasize those features of special interest to the YWCA and to suggest consideration of others of similar importance.

The opportunity to contribute to the hearings on this vital subject is appreciated.

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* *Small Business Administration, Economic Research on Small Business, The Environment for Entrepreneurship and Small Business, U.S. Government Printing Office, 1981.*

COUNTY OF
CUYAHOGA

Commissioners
Virgil E. Brown
Vincent C. Campanella
Edward F. Feighan

March 12, 1982

The Honorable Augustus F. Hawkins
Chairman
House Subcommittee on Employment
Opportunities
B-346A Rayburn House Office Building
Washington, D.C. 20515

RECEIVED
MAR 16 1982
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

Dear Congressman Hawkins:

I'm sorry to hear that your Subcommittee was unable to schedule an appearance by me to speak in person about the need for continuance of employment and training programs. However, I am pleased to have the opportunity to submit written testimony for the record.

As you know the local level of government is directly impacted by issues of employment and training and given the economic conditions prevalent today in large urban centers, those issues are of utmost concern to us.

I sincerely hope that the House Subcommittee on Employment Opportunities considers very carefully the view of local elected officials and acts favorably on the continuance of employment and training programs.

I am enclosing 25 copies of my written testimony for the convenience of your Committee.

Sincerely yours,

Virgil E. Brown

Virgil E. Brown
President

VEB:edl

Enclosures

County Administration Building 1219 Ontario Street Cleveland, Ohio 44113 216/623-7178

JOINT SUBCOMMITTEE TESTIMONY

MR. CHAIRMAN, MEMBERS OF THE JOINT SUBCOMMITTEE, MY NAME IS VIRGIL BROWN. I AM THE PRESIDENT OF THE BOARD OF COUNTY COMMISSIONERS, CUYAHOGA COUNTY, OHIO.

LET ME BEGIN BY BRIEFLY DESCRIBING FOR YOU THE AREA I REPRESENT. CUYAHOGA COUNTY AND ITS MAJOR CITY, CLEVELAND, ARE LOCATED IN NORTHEASTERN OHIO ALONG THE SHORES OF LAKE ERIE. THE COUNTY HAS A POPULATION OF 1.5 MILLION AND IS DOMINATED BY A NUMBER OF LARGE AND SMALL MANUFACTURING INDUSTRIES. DUE TO THIS HEAVY MANUFACTURING BASE, THE NATION'S CURRENT ECONOMIC PROBLEMS HAVE MORE ADVERSELY AFFECTED CUYAHOGA COUNTY THAN THE NATION AS A WHOLE. IN THE LAST TEN (10) YEARS, FOR EXAMPLE, THE NUMBER OF MANUFACTURING WORKERS HAS DECLINED BY MORE THAN 17% WHILE TOTAL EMPLOYMENT HAS INCREASED BY ONLY 5%. THE UNEMPLOYMENT RATE FOR CUYAHOGA COUNTY HAS BEEN IN EXCESS OF 8% SINCE JUNE OF 1980 AND IS NOT EXPECTED TO FALL BELOW THE NATIONAL AVERAGE UNTIL SOMETIME IN 1982. THE PRESENT UNEMPLOYMENT RATE IS 9.8%.

IT IS FOR THESE REASONS THAT I COME BEFORE YOU TODAY TO TESTIFY ON THOSE MATTERS THAT THE CONGRESS NEEDS TO CONSIDER IN ITS LEGISLATIVE RESPONSE TO THE REAUTHORIZATION OF THE EMPLOYMENT AND TRAINING SYSTEM.

LOCAL ELECTED OFFICIALS LIKE MYSELF, ARE VERY MUCH INTERESTED IN THOSE ISSUES THAT CONCERN THE REAUTHORIZATION OF EMPLOYMENT AND TRAINING PROGRAMS. THERE ARE BOTH STRENGTHS AND PITFALLS PRESENT IN THE PRELIMINARY POSITIONS OF BOTH THE SENATE AND THE HOUSE ON REAUTHORIZATION. IN AN EFFORT TO CLARIFY SOME OF THESE ISSUES, I WOULD LIKE TO CENTER IN ON SEVEN (7) PROVISIONS OF REAUTHORIZATION THAT ARE OF TANTAMOUNT IMPORTANCE. THESE ARE 1. DEFINITION OF PRIME SPONSOR; 2. FORMULA DISTRIBUTION OF FUNDS; 3. FORWARD FUNDING; 4. ROLE OF THE PRIVATE INDUSTRY COUNCIL IN THE PLANNING PROCESS; 5. TARGETING OF SERVICE TO YOUTH; 6. LOCAL DISCRETION IN STIPEND PAYMENTS; AND 7. USE OF PERFORMANCE STANDARDS.

I WOULD NOW LIKE TO TAKE THE OPPORTUNITY TO BRIEFLY COMMENT ON EACH OF THEM:

1. DEFINITION OF PRIME SPONSOR

THE FIRST AREA OF CONCERN IN THE REAUTHORIZATION OF THE CETA PROGRAM IS THE DETERMINATION OF THE SERVICE DELIVERY AREA AND ITS STRUCTURE. IN 1973, LOCAL ELECTED OFFICIALS WERE FIRST INDOCTRINATED TO THE CETA PROGRAM. FOR FIVE YEARS WE REACTED TO THE SUDDEN INCREASES AND DECREASES OF DOLLARS AND CHANGES IN POLICY. WE COPED WITH THE LEARNING PROCESS OF INDIVIDUALS ON THE FEDERAL AND LOCAL LEVEL OF GOVERNMENT AND WE DID OUR ABSOLUTE BEST OF SERVING THE APPROPRIATE POPULATION. IN 1978, LOCAL ELECTED OFFICIALS WERE RE-EDUCATED TO THE NEW CETA PROGRAM AND RESPONDED VERY QUICKLY AND QUIETLY TO THE ADMINISTRATIVE CONSTRAINTS WE INCURRED IN THAT REAUTHORIZATION.

WE HAVE SPENT APPROXIMATELY 10 YEARS OF DEVELOPING THE EMPLOYMENT AND TRAINING EXPERTISE THAT IS NECESSARY TO MEET THE NEEDS OF THE LOCAL TARGETED POPULATION AND ALSO TO SATISFY THE INTENT OF THE LAW PASSED BY THIS BODY. IT IS OUR FEAR THAT THESE 10 YEARS MAY BE IGNORED IN DECIDING HOW TO BETTER THE EMPLOYMENT AND TRAINING SYSTEM. IT IS ALSO OUR FEAR THAT 1983 MAY BE A DUPLICATE OF 1973 WHERE WE WILL HAVE TO START OVER FROM THE VERY BEGINNING AND BUILD FROM THERE. I WANT TO STRONGLY URGE YOU TO MAINTAIN THE CURRENT SERVICE DELIVERY SYSTEM, UTILIZING THE PRIME SPONSOR MECHANISM.

LOCAL GOVERNMENT CONTROL FACILITATES LOCAL RESPONSIVENESS TO OUR RESIDENT'S NEEDS. ADDITIONALLY, THE LINES OF ACCOUNTABILITY ARE VERY CLEAR AND WORKABLE. INTERJECTING THE STATE LEVEL OF GOVERNMENT WILL ONLY HINDER THIS LOCAL RESPONSIVENESS.

2. FORMULA DISTRIBUTION OF FUNDS

ANY FORMULA THAT ATTEMPTS TO EQUITABLY DISTRIBUTE FUNDS TO THOSE MOST IN NEED MUST CERTAINLY INCLUDE NOT ONLY THE NUMBERS OF ECONOMICALLY DISADVANTAGED BUT ALSO THE NUMBERS OF LONG TERM UNEMPLOYED.

BOTH THE SENATE AND HOUSE POSITIONS SEEM TO ADDRESS THIS NEED. THE SENATE POSITION, HOWEVER, WHICH USES BOTH THESE ELEMENTS IN DETERMINING ITS FUNDING DISTRIBUTION TO THE STATES, USES ONLY THE NUMBER OF ECONOMICALLY DISADVANTAGED IN DETERMINING ITS SUBSTATE ALLOCATION. THIS WOULD MEAN THAT AN AREA WITH HIGH UNEMPLOYMENT AND NUMBERS OF LONG TERM UNEMPLOYED BUT LOW NUMBERS OF DISADVANTAGED WOULD BE USED TO QUALIFY THE STATE AS A WHOLE FOR FUNDS BUT OVERLOOKED IN THE DISTRIBUTION OF THOSE FUNDS IN THE SUB-STATE ALLOCATION. THIS WOULD NOT ALLOW SOME AREAS TO PROVIDE THE ASSISTANCE NECESSARY TO THE DISPLACED WORKERS.

3. FORWARD FUNDING

ONE OF THE PROBLEMS INHERENT IN THE EFFECTIVE PLANNING AND ADMINISTRATION OF ANY TYPE OF PROGRAM, IS COMING TO GRIPS WITH THE AMOUNT OF AVAILABLE FUNDING. NO PROGRAM CAN BE COST EFFECTIVE OR ADMINISTRATIVELY STABLE IF THE NATURE AND AMOUNTS OF FUNDING IS CONSTANTLY SHIFTING. THE SENATE PROVISION, WHICH PROPOSES TO RELEASE THE APPROPRIATION FIGURES IN OCTOBER OF EACH YEAR, 9 MONTHS PRIOR TO THE START OF THE JULY 1 PROGRAM YEAR, IS A WELCOME STEP IN THE RIGHT DIRECTION. THIS PROCEDURE WOULD GO A LONG WAY TOWARD ESTABLISHING A FIRM FINANCIAL PICTURE UPON WHICH PROPOSED SERVICE DELIVERY OPERATIONS CAN BE PLANNED AND ADMINISTERED.

4. ROLE OF THE PRIVATE INDUSTRY COUNCIL

I HAVE ADDRESSED THE LOCAL EMPLOYMENT AND TRAINING DELIVERY SYSTEM AND METHODOLGY FOR FUNDING THIS SYSTEM. I WOULD NOW LIKE TO ADDRESS THE LOCAL PLANNING OF THESE DOLLARS AND SERVICES.

LET ME FIRST STATE THAT I CONCUR AND SUPPORT BOTH THE HOUSE AND THE SENATE'S MANDATE FOR INCREASED PRIVATE SECTOR INVOLVEMENT IN PLANNING LOCAL EMPLOYMENT AND TRAINING PROGRAMS. WE HAVE LEARNED RECENTLY THAT A PRIVATE AND PUBLIC SECTOR PARTNERSHIP IS AN EFFECTIVE TOOL_ IN DESIGNING BENEFICIAL PROGRAMS TO MEET THE NEEDS OF THE ECONOMICALLY DISADVANTAGED. IN SHORT, TOGETHER WE CAN MAKE THINGS HAPPEN.

It appears that the Senate is willing to cast aside this partnership agreement and reorganize into a private sector sole proprietorship. It does not make good business sense to have one arm (the private sector) dictate to the other arm (the public sector) what it will do with public dollars. Specifically, it does not appear to be administratively feasible to have the Private Industry Council responsible for designing the programs that the local government will administer without a equal representation in a joint development process.

As I have stated before, increased Private Sector involvement is desirable and necessary. The local Private Sector involvement we have experienced in Cuyahoga County has been extremely positive. We have experienced a high level of cooperation but above all we have a working relationship. The basis of this relationship is equality and agreement. Loosing a joint development effort on how to design and administer Employment and Training dollars on the local level may foster a divorce instead of a continued marriage.

5. Targeting of Service to Youth

The plight of the unemployed youth, especially in our large urban areas, is a national disgrace. It is imperative that any program design model include a strong but flexible requirement for service to youth. If it is wrong to omit youth from a comprehensive employment and training plan, it is just as wrong to mandate an inflexible percentage of service to youth that does not allow for local discretion. The recent budget reductions in youth programming under Title IV of CETA also included a removal of the youth maintenance of effort provision in Title IIB. Prime Sponsors can now decide, based on local needs and circumstances, how the training dollar should be divided between unemployed youth and unemployed adult. Any future provision of reauthorization legislation should contain some element of local discretion, or at a minimum an indexing system that takes into account the varying approaches to youth programming that can exist on the local level.

6. Local Discretion in Stipend Payments

Prime Sponsor's are acutely aware of the high cost of stipend or allowance payments to program participants. In FY'81 for example 48% of the Title IIB Classroom Training Cost, and 57% of the Title VII Classroom Training Cost of our Consortium was in stipends or allowance payments. It would, however, be an over simplification to say that classroom training costs could be significantly lowered by the total elimination of stipends or allowances. Stipends (allowances) are a high program cost but in many cases they are the only income source for some families. For the most part, allowances are paid only to those who are not on welfare or who have exhausted their unemployment benefits. There are a small percentage that abuse the allowance system,as there are in any system, but there are far more who genuinely need the allowance payment system to support themselves and their families while in training. Our Consortium attained an overall completion rate in classroom training of 80% for FY'81, due in large degree to the allowance system as an incentive for attendance. Any provision that calls for the elimination of the allowance system under reauthorization should be tempered with the knowledge that there should be room for local flexibility or effective performance will suffer proportionately.

7. Use of Performance Standards

It has been said that the biggest problem with the public sector is that there is no profit motiviation. This is not true for Cuyahoga County. In our County we measure profit in terms of performance and cost efficiency. For this reason we totally support the incorporation of performance standards with local indexing into the legislation. Local indexing and/or the negotiation of performance standards based on local economic factors is absolutely necessary for evaluative purposes.

WHAT I WOULD LIKE TO ADDRESS IS THE NEGATIVE OVERTONES OF THE STANDARDS. BOTH PIECES OF PROPOSED LEGISLATION CLEARLY ADDRESSES THE SANCTIONS THAT WILL BE IMPLEMENTED FOR NOT PERFORMING. THE SANCTIONS FOR NON-PERFORMANCE ARE NECESSARY AND WE SUPPORT THEM. HOWEVER, ONLY THE HOUSE BILL HAS PAID ATTENTION TO UTILIZING PERFORMANCE STANDARDS AS A POSITIVE INCENTIVE. THE RESULT BEING, PUNISHMENT FOR BAD PERFORMANCE, NO REWARDS FOR GOOD PERFORMANCE IN THE SENATE VERSION.

IT COULD BE PRESUMED THAT IF A PRIME SPONSOR HAS NOT MET THEIR PERFORMANCE STANDARDS DURING A TWO YEAR PERIOD, THAT THERE WOULD BE AN UNDEREXPENDITURE OF FUNDS. THESE FUNDS SHOULD BE REDISTRIBUTED TO THE PRIME SPONSORS THAT MET AND EXCEEDED THEIR GOALS.

I WOULD LIKE YOU TO CONSIDER THIS SUGGESTION AND PROBABLY OTHERS TO BE INCLUDED AS ADDITIONAL POSITIVE INCENTIVES TO THE ISSUE OF PERFORMANCE STANDARDS INSTEAD OF ONLY NEGATIVE SANCTIONS.

IN CLOSING, WE HEAR MUCH TODAY ABOUT THE FEDERAL CONCERN FOR ECONOMIC GROWTH, PRIVATE SECTOR INITIATIVES, AND ECONOMIC DEVELOPMENT BUT LITTLE SPOKEN IN SUPPORT OF THE FEDERAL CONCERN FOR THE UNEMPLOYED AND DISADVANTAGED. IN A NATION AS FORTUNATE AS OURS, WE MUST BE PREPARED TO TAKE WHATEVER STEPS ARE NECESSARY TO ENSURE THAT ALL CITIZENS ARE GIVEN THE OPPORTUNITY TO PROVIDE FOR THEMSELVES AND THEIR FAMILIES IN MEANINGFUL AND DIGNIFIED EMPLOYMENT. IT HAS OFTEN BEEN SAID THAT ANYONE WHO TRIES TO HELP THE DISADVANTAGED TAKES A HIGH RISK IN TERMS OF THE EXPECTED OUTCOME. I WOULD SUGGEST THAT AN EVEN GREATER RISK IS TO TAKE NO RISK AT ALL, ESPECIALLY WHEN THAT RISK CONCERNS THE ULTIMATE FUTURE AND ECONOMIC STABILITY OF THIS COUNTY.

/UMH

PAT WILLIAMS
Montana
Western District
Majority Whip At Large

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1512 Longworth Building
Washington, D.C. 20515
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Toll-Free Number
1-800-[illegible]

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

Committees:
EDUCATION AND LABOR
ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION
LABOR STANDARDS
HUMAN RESOURCES
INTERIOR
PUBLIC LANDS AND NATIONAL PARKS
ENERGY AND ENVIRONMENT

March 23, 1982

RECEIVED
MAR 25 1981
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

The Honorable Augustus F. Hawkins
Chairman
Subcommittee on Employment Opportunities
Committee on Education and Labor
3346A Rayburn H.O.B.
Washington, D.C. 20515

Dear Chairman Hawkins:

The Commissioner of Labor from the State of Montana has compiled the enclosed report regarding CETA, Unemployment Insurance and Job Service.

I'm hopeful that the information pertinent to CETA will be of value during your re-authorization hearings and request that this report be made part of the official hearing record.

Additionally, there is relevant material attached in support of the need to retain the connection between unemployment insurance and Job Service Programs.

Thank you for your consideration of this request.

Best regards.

Sincerely,

Pat

Pat Williams

Enclosure

Gus,
I asked that this study be conducted in Montana for use by your subcommittee & our full committee. I hope it is useful.

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

DEPARTMENT OF LABOR AND INDUSTRY
COMMISSIONER'S OFFICE

TED SCHWINDEN, GOVERNOR
STATE CAPITOL
STATE OF MONTANA
(406) 449-2621
HELENA MONTANA 59620

March 10, 1982

The Honorable Pat Williams
House of Representatives
1233 Longworth HOB
Washington, D.C. 20515

Dear Congressman Williams:

Attached is a summary of the effect of the federal cuts on the Montana State Department of Labor and Industry and a summary of the workload activity in the corresponding programs.

There has been substantial cutback in both dollars and staff, but not a corresponding cutback in the number of job placements, CETA participants, or Unemployment Insurance claimants. There has been an important shift in the type of people we serve particularly in placement activities. With dwindling resources we are concentrating our efforts on those that are the quick and easy to help, i.e., the most job ready.

Montana is one of the few states that has not closed any Job Service offices. However, the enactment of the President's budget at the proposed Fiscal Year 1983 level would force us to take a very serious look at closing a number of offices.

The U.S. Department of Labor is considering turning Job Service over to the states but maintaining control of Unemployment Insurance activites. I am very concerned about such a proposal. I view it as a means to get rid of placement activity in hopes of benefiting private employment agencies. Unemployment Insurance and Job Service are unified activities and they ought to remain that way. I would support a significant turn over of responsibilities to states in both Job Service and Unemployment Insurance, but we cannot afford to let the Administration turn over only part of the program.

I have summarized in the following pages what I think are the significant issues in Unemployment Insurance, Job Service and CETA. A number of these issues are addressed in a proposal put forth by Senators Hatfield and Packwood from Oregon. I believe the next year or two will see more significant changes in Unemployment Insurance and CETA than we have seen in a long time. I would be more than happy to come back to D.C. to testify any time that you think it might be useful or to send one of our staff people back to assist you.

Sincerely,

David L. Hunter

DAVID L. HUNTER,
Commissioner

Enclosures

"AN EQUAL OPPORTUNITY EMPLOYER"

March 11, 1982

Issues in Employment Security and CETA

JOB SERVICE

Local Office Closures

We are very close to being forced to abandon local offices in smaller communities. As the attached table shows we are operating with two or three staff people in many offices. If the Employment Security grants to states budget is cut any further, we will start walking away from offices in places such as Anaconda, Libby, Cut Bank, Browning, Glasgow, Wolf Point, Lewistown and other communities of that size.

Closure of offices means:

(1) Job seekers will be left on their own to find work, they will not have counseling and placement services.

(2) Unemployment Insurance claimants will be forced to drive to the next closest office to file their initial claim, and from that point on they will merely send us a card that says they did not work last week and we will mail them a check. We will be reduced to a mail order operation for Unemployment Insurance.

(3) Referral to job training through CETA will be available only by driving to larger communities.

(4) Employers will not be able to rely on Job Service to screen or test applicants and they will have to personally deal with a steady stream of job applicants rather then referring them to Job Service.

The budget cutbacks are reducing those services aimed at those most in need of help. We have cut back counseling, we are reducing the amount of time we are spending with hard to place clients, and CETA cutbacks are reducing job training programs for those in need of job skills. Fewer dollars and the pressure from the federal government to maintain or increase the number of people we place in jobs mean that Job Service is concentrating on placing those people who are the most job ready, i.e., those people with the best skills, attitude, and abilities. We are becoming less able to provide a meaningful service to those people most in need of help.

Placement

A significant volume of job placement activity is essential to the Job Service. Our ability to find work for people who are unemployed particularly for Unemployment Insurance claimants depends on our ability to provide a service to employers. Sending employers qualified applicants is the best service we can provide them, and the only way to keep getting their job orders. Without those job orders we are out of business.

The worst thing that could happen to Job Service would be to mandate work registration and referral for food stamp recipients, welfare and AFDC recipients, other public assistance recipients or other workfare programs. If employers call the Job Service and all they get is a public assistance recipient, because of mandatory federal referral requirements they are going to stop calling with their job orders. Job Service can provide meaningful job seeking help to public assistance recipients if we have the budget and the applicant volume to also provide meaningful assistance to employers.

Private Employment Agencies

The argument that private employment agencies can take over many of the functions of Job Service does not wash in Montana. In Montana almost 23 percent of all jobs that are filled by other than internal promotion are filled by Job Service. Nationally, only two percent of all such jobs are filled by private employment agencies and in Montana that figure is probably significantly lower because private employment agencies exist only in Montana's major cities. More importantly, private agencies simply are not going to spend the time to assist those with the least job skills or that need a significant amount of counseling or job training. Their reputation, like Job Service, is dependent upon the quality of the person they send to an employer. Job Service is required by federal regulation to provide assistance to anybody that walks in the door. Private employment agencies are going to provide assistance to the best qualified applicants and they are going to leave the public assistance recipients and the less qualified on their own.

UNEMPLOYMENT INSURANCE

Unemployment Insurance Work Test

The Unemployment Insurance law requires anyone drawing benefits to be "able, available and seeking work". If they fail to meet any of those three criteria, the law requires that they be disqualified.

As the federal government cuts back our administrative funds, we are forced to cut back the amount of time we can spend meaningfully administering the work test. If we are forced to close offices there will realistically be no work test for Unemployment Insurance beneficiaries. That failure to rigorously apply the work test over the long run is going to increase employer's Unemployment Insurance taxes.

Unemployment Insurance Funds As Part of the Federal Budget

The state trust funds that provide Unemployment Insurance benefits are required by the federal government to be deposited with the U.S. Treasury and are accounted for as part of the unified federal budget. Yet, those monies are collected by state agencies, and are state taxes levied by state legislatures. The federal government pays states interest on the trust fund at a rate significantly below the current cost of borrowing money by the U.S. Treasury. The difference is general fund revenue to the U.S. government.

A related and equally important issue is that states have the ability to borrow money from the federal government if their trust fund goes broke. Until the Omnibus Reconciliation Act was passed, states were not charged any, interest at all on the money they borrowed. These two interest provisions encourage state legislatures to levy irresponsibly low levels of taxes. By keeping a small balance in the trust fund, states avoid turning over interest income to the federal treasury. If they go bankrupt they can borrow money with no interest expense (and only 9% on the amount borrowed after 1981).

State trust funds need to have the ability to borrow from the federal government. To make the system responsible the federal government needs to pay market interest rates on trust funds and they need to charge states market interest rates for the monies they borrow. Perhaps, better yet, the trust funds ought to be turned over to the states to manage and taken out of the federal unified budget completely, provided that states could still borrow from the Treasury and be charged market rate interest.

If these funds were eliminated from the federal unified budget there would be no reason for OMB to make legislative recommendations and have legislation enacted changing state unemployment laws -- laws which should be the prerogative of the states.

For example, requiring pension offset to reduce unemployment benefits to pensioners requires states to round down rather than round off benefit amounts.

The Lack of A Comprehensive Decision Making In Unemployment Insurance

States pay for Unemployment Insurance benefits from state taxes which they levy and collect. The federal government funds Unemployment Insurance and Job Service administrative costs from the FUTA tax which the IRS collects and Congress levies. As a result, we fragment and do a poor job of decision making. States are concerned only about benefits, the federal government is concerned only about administrative costs. Neither state legislatures nor Congress take a look at the trade-offs between administrative funds and benefit payments. State legislatures can enact very complicated and administratively expensive benefit laws because they never have to pay the administrative costs. We ought to have a federal system or a state system so that one legislative body is responsible for levying, collecting, and appropriating Unemployment Insurance monies.

Duplication of Tax Collection Efforts

There is a 100% duplication of effort between the IRS and Unemployment Insurance tax collection. The IRS collects the federal FUTA tax, which is a quarterly payroll tax paid directly to the federal government. State Employment Security agencies collect a quarterly employer tax which goes to the trust fund and is used to pay benefits. Employers have to pay two taxes, fill out two sets of forms and have two sets of auditors looking at their books when the taxes are used for the same purpose. More importantly, the IRS does a poor job of following up on non-compliance and insuring correct payment. The FUTA tax is small compared to the other taxes they administer. On the other hand, the Unemployment Insurance tax is the only tax that Employment Security agencies have to collect and we do a much more thorough job in the collection of that tax. If nothing else the tax collection efforts should be turned over to the states with the funds remitted to the federal government less an administrative charge for the collection.

Exempt Employers

One of the problems of the administration of the Unemployment Insurance system is that exempt employers, i.e. federal, state, city, county governments, school districts, and tax exempt entities do not pay the FUTA tax. However, they do pay the state tax which is used for benefits because their employees are eligible for the Unemployment Insurance program.

Private employers indirectly fund the administrative costs for public sector employers and tax exempt entities. Public employers ought to pay their fair share for administration just like any other employer.

A LEGITIMATE FEDERAL ROLE

There is, however, a legitimate federal role in Job Service and Unemployment Insurance activities even if we do move towards a state system. It is necessary for federal government to set consistent national standards for the collection and summarizing of labor market information.

Interstate Unemployment Insurance claims must be provided for; a person who has worked in one state and moves to another state to seek work should be able to draw benefits based on the work history in their home state. It is important to have standards and a charging system between states that is consistent and fair.

Employment Security agencies administer some unique federal programs such as Disaster Unemployment Insurance (which is federally funded), and Trade Adjustment Assistance.

Extended benefits are a fourth area in which the federal government has a legitimate interest. Half of extended benefits are paid out of the federal FUTA tax and half are paid from the state trust fund. The federal government has an interest in seeing that extended benefits are consistently applied. However, there is no reason why extended benefits is necessarily a federal program.

CETA

CETA--Our Only Job Training Program

Virtually all Montana's job training programs are funded under CETA. If the federal government repeals or allows federal job training programs to lapse after October 1, we will be left unable to assist Montanans with skill training. The state will not be able to provide training, assistance, or relocation help to people who have been laid off, or who need a short term specific upgrade of their skills to be employable.

It is essential that CETA or some other job training program continue without interruptions.

Governor's Role in Job Training

Governors need to have a strong role in the job training programs. Allowing the Governor to operate the program for the state is essential for coordination with job service, economic development activities and where appropriate public assistance programs.

Advisory councils are important, but they should not administer programs. The Jeffords Bill creates a council outside of the state agency structure which would run job training programs. Such a move would be contrary to all Montana's efforts of executive reorganization and the principle of ultimate accountability to the Governor and the state legislature.

THE OREGON PROPOSAL

Senators Hatfield and Packwood of Oregon with the support of Governor Atyieh have drafted a package which addresses a number of these issues. I have enclosed an exchange of letters from Governor Schwinden and Governor Atyieh and a copy of the Oregon proposal. While we agree with a substantial portion of the Oregon proposal, the problem is its financial effect on Montana. We could not run an Unemployment Insurance and job placement function if the Oregon proposal were adopted.

AREA I	ES GRANTS	UI BASE	PROGRAMS	FOOD STAMP	TJTC	TOTAL	FTE 4-01-82	On Board 1-01-82	On Board 10-01-80
012 Cut Bank	1.76	.9	.97	.10	.05	3.78	4	5.5	8
013 Great Falls	8.21	5.5	9.45	.78	.18	24.12	24	37	42
018 Hamilton	2.28	1.8	1.22	.21	.06	5.57	6	7	8
015 Havre	2.94	1.2	1.48	.25	.05	5.92	6	7	10
019 Kalispell	6.15	4.9	8.11	.68	.21	20.05	20	26	33
023 Lewistown	2.18	.6	.75	.13	.05	3.71	4	5	6
046 Lioby	1.34	2.5	2.09	.23	.06	6.22	6	7	8
029 Missoula	7.98	7.3	-	.79	.20	16.27	16	26	28
075 Missoula P.O.	-	-	12.61	-	-	12.61	13	14	15
030 Polson	2.89	1.1	1.24	.10	.01	5.34	5	5.5	8
034 Shelby	1.75	.4	.60	.11	.06	2.92	3	4	4
047 Thompson Falls	1.01	1.0	.56	.04	.07	2.68	3	3	4
TOTAL	38.49	27.2	39.08	3.42	1.00	109.19	110	147	174
AREA II									
001 Anaconda	1.60	2.1	1.20	.11	.02	5.03	5	7	8
003 Billings East	13.35	4.8	-	.89	.18	19.22	19	29	34
070 Billings P.O.	-	-	12.80	-	-	12.80	13	15	25
004 Billings West	3.17	1.9	-	.10	.05	5.22	5	9	10
005 Bozeman	6.77	2.3	1.84	.21	.18	11.30	11	14.5	17
007 Butte	4.66	3.6	11.57	.36	.19	20.38	20	25	28
040 Dillon	1.42	.4	.32	.04	.05	2.23	2	3	4
016 Glasgow	1.69	.5	.70	.07	.05	3.01	3	4	6
011 Glendive	2.11	.2	.34	.04	.05	2.74	3	4.5	4
017 Helena	6.27	2.7	9.69	.63	.19	19.48	19	26	34
025 Livingston	1.74	1.0	.59	.18	.06	3.57	4	5	6
027 Miles City	2.50	1.0	1.24	.13	.07	4.94	5	6	8
035 Sidney	2.12	.2	.33	.10	.05	2.80	3	4.5	4
039 Wolf Point	1.11	.4	.70	.10	.06	2.37	2	2	4
TOTAL	48.51	21.1	41.32	2.96	1.20	115.09	114	154.5	192

STATE OF MONTANA
DEPARTMENT OF LABOR AND INDUSTRY

	FY 81		FY 82 *		FY 83 **	
FUNDING	FTE	Amount	FTE	Amount	FTE	Amount
ES	206.8	$4,736,939	173.06	$4,641,318	160	$4,300,000
UI	173.9	3,898,951	164.70	4,318,730	164	4,300,000
CETA	187.0	15,697,656	86	8,383,187	?	?
CEP	18	1,553,850	17	1,291,330	?	?
WIN	54	1,727,894	44.50	1,208,736	-0-	-0-
DVOP	5	82,930	Included in ES for '82 and '83			
Food Stamps	10	224,088	8.37	196,660	Could be same level as '82	
Job Corps	8	172,830	7.4	183,300	Could be up to the level of '82	
TOTALS	662.7		501.03		324	

WORKLOAD	FY 81	FY 82	FY 83
ES Placements	30,557	29,100	26,800
UI Claimants			
Initial Claims	77,376	90,000	91,000
Weeks Claimed	655,940	700,000	650,000
CETA Placements	2,976	842	?
CEP Placements	408	441	?
WIN Placements	1,322	1,100	-0-
Veterans Placed	4,584	4,721	4,343

* FY 82 figures include the Employment Security supplemental appropriation and assume the current continuing resolution expiring March 31, 1982 will not be reduced.

** President's proposed budget including the Employment Security supplemental. A $1.8 billion job training program would provide $6.5 million for Montana under current CETA legislation.

JOB SERVICE PERFORMANCE
PRODUCTIVITY PER ALLOCATED STAFF WORKED
FY 1981

	INDIVIDUALS PLACED ASYW						PLACEMENT TRANSACTIONS ASYW					
	ACTUAL FY 1981	PLAN FY 1981	ACTUAL FY 1980	% CHNG FY 80-81	% OF PLAN FY 81	ASYW ACTUAL RANK FY 81	ACTUAL FY 1981	PLAN FY 1981	ACTUAL FY 1980	% CHNG FY 80-81	% OF PLAN FY 81	ACTUAL RANK FY 81
SUM	163	189	179	-9	86		250	280	266	-6	89	
REGION I TOTAL	140	154	167	-17	91		171	186	212	-19	92	
CONNECTICUT	131	133	153	-15	99	45	148	147	177	-17	100	51
MAINE	174	218	211	-18	80	29	198	253	244	-19	78	37
MASSACHUSSETTS	121	141	155	-22	85	48	161	188	220	-27	86	48
NEW HAMPSHIRE	130	136	173	-20	102	40	159	150	202	-21	106	40
RHODE ISLAND	193	192	194	-1	100	18	241	221	231	5	109	26
VERMONT	190	208	199	-4	91	22	225	241	236	-5	93	33
REGION II TOTAL	121	142	135	-11	85		340	367	335	1	92	
NEW JERSEY	116	151	157	-26	77	49	247	300	286	-14	82	25
NEW YORK	103	119	110	-6	87	51	375	393	351	7	95	3
PUERTO RICO	264	301	287	-8	88	1	279	322	322	-13	87	10
REGION III TOTAL	133	184	149	-11	72		170	220	196	-13	77	
DELAWARE	129	165	147	-12	78	46	164	220	194	-16	74	47
DIST COLUMBIA	131	179	177	-26	73	44	179	238	256	-30	75	42
MARYLAND	87	148	98	-12	59	52	105	177	120	-13	59	52
PENNSYLVANIA	136	187	144	-6	73	41	182	223	197	-8	82	41
VIRGINIA	154	217	198	-22	71	37	184	246	245	-25	75	39
WEST VIRGINIA	148	162	139	6	91	38	168	200	165	2	84	44

SOURCE--USES OFFICE OF PROGRAM REVIEW
REPORT MADE:22-JAN-82

JOB SERVICE PERFORMANCE
PRODUCTIVITY PER ALLOCATED STAFF WORKED
FY 1981

	INDIVIDUALS PLACED						PLACEMENT TRANSACTIONS					
	ASYW					ASYW	ASYW					
	ACTUAL FY 1981	PLAN FY 1981	ACTUAL FY 1980	% CHNG FY 80-81	% OF PLAN FY 81	ACTUAL RANK FY 81	ACTUAL FY 1981	PLAN FY 1981	ACTUAL FY 1980	% CHNG FY 80-81	% OF PLAN FY 81	ACTUAL RANK FY 81
REGION IV TOTAL	204	232	219	-7	88		274	295	288	-5	93	
ALABAMA	190	229	220	-14	83	21	220	258	257	-14	85	34
FLORIDA	230	270	255	-10	85	4	292	366	329	-11	80	15
GEORGIA	214	237	226	-5	90	10	286	272	288	-1	105	16
KENTUCKY	162	191	168	-3	85	35	184	216	191	-4	85	40
MISSISSIPPI	187	223	212	-12	84	24	227	269	267	-15	84	31
NORTH CAROLINA	208	208	195	7	100	12	328	313	307	7	105	8
SOUTH CAROLINA	221	251	243	-9	88	6	388	337	365	6	115	2
TENNESSEE	192	219	213	-10	88	20	233	258	262	-11	91	28
REGION V TOTAL	142	168	162	-12	84		183	220	211	-13	83	
ILLINOIS	161	188	184	-12	86	36	192	237	224	-14	81	38
INDIANA	145	181	148	-2	80	39	172	221	178	-3	78	43
MICHIGAN	127	130	145	-12	98	47	166	160	199	-17	103	46
MINNESOTA	179	215	199	-10	84	27	258	310	285	-9	83	21
OHIO	111	150	127	-12	74	50	166	221	183	-9	75	45
WISCONSIN	136	158	185	-27	86	42	155	184	217	-28	85	50
REGION VI TOTAL	201	213	204	-1	95		323	336	310	4	96	
ARKANSAS	195	239	210	-7	82	17	273	350	303	-10	78	20
LOUISIANA	211	222	212	-0	95	11	250	276	252	-1	91	23
NEW MEXICO	218	219	233	-7	99	8	304	336	320	-5	91	13
OKLAHOMA	203	225	212	-4	90	13	396	405	377	5	98	1
TEXAS	197	200	195	1	99	16	332	327	304	9	102	7

SOURCE--USES OFFICE OF PROGRAM REVIEW
REPORT MADE:22-JAN-82

JOB SERVICE PERFORMANCE
PRODUCTIVITY PER ALLOCATED STAFF WORKED
FY 1981

	INDIVIDUALS PLACED						PLACEMENT TRANSACTIONS					
		ASYW						ASYW				
	ACTUAL FY 1981	PLAN FY 1981	ACTUAL FY 1980	% CHNG FY 80-81	% OF PLAN FY 81	ASYW ACTUAL RANK FY 81	ACTUAL FY 1981	PLAN FY 1981	ACTUAL FY 1980	% CHNG FY 80-81	% OF PLAN FY 81	ACTUAL RANK FY 81
REGION VII TOTAL	198	231	221	-10	86		278	318	311	-11	87	
IOWA	234	257	254	-8	91	3	345	368	374	-8	94	5
KANSAS	200	231	231	-13	87	14	295	328	341	-13	90	14
MISSOURI	162	213	196	-17	76	34	204	272	264	-20	75	35
NEBRASKA	214	223	208	3	96	9	313	323	307	2	97	11
REGION VIII TOTAL	205	226	220	-7	91		311	350	334	-7	89	
COLORADO	189	187	199	-5	101	23	282	300	304	-7	94	18
MONTANA	192	230	202	-5	84	19	310	351	305	2	88	12
NORTH DAKOTA	251	275	269	-7	92	2	360	391	395	-9	92	4
SOUTH DAKOTA	179	234	209	-15	76	28	283	409	354	-20	69	17
UTAH	218	233	234	-7	94	7	334	352	350	-5	95	6
WYOMING	222	246	227	-2	90	5	317	351	327	-3	90	10
REGION IX TOTAL	141	158	155	-9	89		209	229	227	-8	91	
ARIZONA	167	245	237	-30	68	32	233	364	337	-31	64	29
CALIFORNIA	132	139	139	-5	95	43	198	200	206	-4	99	36
HAWAII	199	233	223	-11	85	15	226	259	256	-12	87	32
NEVADA	174	210	187	-7	83	30	317	363	317	0	87	9
REGION X TOTAL	172	213	192	-10	81		238	302	271	-12	79	
ALASKA	181	189	167	9	96	25	250	239	224	11	104	24
IDAHO	181	254	217	-17	71	26	251	349	295	-15	72	22
OREGON	164	215	185	-12	76	33	229	286	255	-10	80	30
WASHINGTON	173	206	195	-11	84	31	237	315	287	-17	75	27

SOURCE—USES OFFICE OF PROGRAM REVIEW
REPORT MADE:22-JAN-82

State of Montana
Office of the Governor
Helena 59620

TED SCHWINDEN
GOVERNOR

RECEIVED
FEB 2[illegible] 1982
DEPT. OF LABOR & INDUSTRY
COMMISSIONER'S OFFICE

February 19, 1982

The Honorable Victor Atiyeh
Governor of Oregon
State Capitol
Salem, Oregon 97310

Dear Governor Atiyeh:

Thank you for your letter of February 3 about the employment security system.

States should have a major role in determining how their employment security systems should operate and how to make trade-offs between benefit and administrative funds. The federal government has focused on reducing federal funding of discretionary programs; little consideration has been given to the need for proper administration of programs by the states.

Your proposal has philosophic merit. Unfortunately, it would create a serious problem in Montana. Using your figures of Montana's share of Federal Unemployment Tax Act (FUTA) at 0.4 percent, Montana would receive approximately 55 percent of the money allocated to it for FY '82. Montana cannot operate an adequate job placement and unemployment insurance system with only 55 percent of its FY '82 allocation. Before I could support your proposal and encourage Montana's congressional delegation to do so, we would need to develop an approach that would allow the State of Montana to fund a workable employment security system. If your proposal were to be enacted by Congress, our alternatives would be to raise employer taxes substantially or to abandon much of our current employment security system --- exactly what you are trying to avoid in Oregon.

I am prepared to support portions of your proposal. Specifically, I agree that the Unemployment Insurance Trust Fund should be removed from the unified federal budget. If those funds were not part of the federal budget, the federal bureaucracy would be less inclined to enact additional conformity requirements that improve neither the unemployment insurance system or Job Service objectives.

I also support shifting trust fund monies from the U.S. Treasury to the states, which could derive far more interest on those funds. The trust fund would benefit by increased interest earnings, while the employer group would experience reduced rates.

FUTA taxes should be collected by the administering state agency. By eliminating the current duplication of effort, more money would be available for state and federal administration.

Sincerely,

TED SCHWINDEN
Governor

bcc: ✓David Hunter

1859

OFFICE OF THE GOVERNOR
STATE CAPITOL
SALEM, OREGON 97310

February 3, 1982

The Honorable Ted Schwinden
Governor of Montana
State Capitol
Helena, Montana 59601

Dear Governor Schwinden:

In the Administration's plan to cut federal spending I find myself forced into a reactive mode to diminished funds. However, there is one federal/state system where I believe we can effect substantial federal savings, tailor the program to an individual state's needs and cut employer taxes. This involves the unique taxing structure of the employment security system, which we know best as the Employment Service (ES) and Unemployment Insurance (UI).

Employers pay a tax (FUTA) to IRS for the administrative costs, both state and federal, of this system. Employers pay another tax through their state legislative structures, but indirectly into the federal budget structure, for the payment of jobless benefits. Employers thus are paying two taxes into two dedicated funds which reside in the federal budget as surplus or deficit, but neither Congress nor the states can make cost/benefit adjustments to both funds based on the split of legislative taxing authority.

In FY 82 Congress has concentrated on cuts in spending. All indications are that this posture will continue into the FY 83 budget deliberations and beyond.

First, there was a reduction of $150 million in ES funds and a 3 percent cut in UI funding. Next, there was a 12 percent reduction in the Employment Security Administration Account (ESAA) which funds both ES and UI. Added to these is an underfunding of authorized position levels and non-personal service funds. All this means at least a 37 percent reduction in total employment security administrative funds, a reduction in service with no commensurate reduction in the employers' FUTA tax rates.

The time has come for a change in this entire funding structure. National policies based on budget concerns no longer serve state interests or needs. There is overcontrol at the national level, evidenced by arbitrary decisions to cut ES in all states, whereas some states have high job placement potential and low unemployment problems.

The states' employers pay for the system. The states should control the administration of the system through state legislative action with direct employer input to state legislators. The states' executive branches should propose what they believe to be the most effective administration. Only then will the direction of a state's program meet the needs of any particular state. Block grants connote the giving of federal monies to states, whereas we are dealing with state monies which should not go through the federal process at all. The cost of shifting these dollars could be put to use in direct services.

I propose three major changes in this funding system:

(1) Congress should eliminate that part of FUTA which funds state administration. States then would have the flexibility to use their UI trust fund accounts for administration of the program as well as payment of UI benefits. The states could determine tax levels commensurate with their individual needs -- such as higher benefits, greater enforcement or expanded job placement activities.

(2) These same state trust funds should be removed from the federal unified budget, where they give a false impression of surplus or deficit. This can be accomplished by Presidential Order.

(3) Federal law should be revised to provide only minimal conformity requirements to address national goals, maintain order in the system and protect interstate workers.

The details of this proposal will be found in the nine "problems and solutions" attached. Also included are summary tables and a simplified flow chart for comparison of the current and proposed systems. This is admittedly in a preliminary conceptual format, using our best estimate of cost savings.

The free labor market exchange and the unemployement insurance delivery system have worked well for over 45 years. Here in Oregon we are losing our ability to serve the jobless workers just as their numbers are increasing beyond any past recession levels. We have closed one-third of our offices and laid off over one-half of our job service staff. If the federal funding system no longer works, it is time we take action to control our own destiny. I firmly believe this proposal warrants constructive analysis and legislative action by Congress in 1982. State legislatures then could revise state laws in their 1983 sessions.

Please join me in urging your congressional delegation to consider this proposal. My experience shows it will require a tremendous educational process. Some of our delegation were not aware that the system relies on the federal allocation process. Your immediate action could give us an opportunity to recover our losses and again provide this basic service to workers and employers.

Sincerely,

Victor Atiyeh
Governor

VA/sc

Enclosure

State of Rhode Island and Providence Plantations
Division of Job Development and Training
The Department of Economic Development
5 Cathedral Square
Providence, Rhode Island 02903

March 31, 1982

The Honorable Daniel Quayle
United States Senate
Russell Senate Office Building
Room 363 A
Washington, DC 20510

Dear Senator Quayle:

Attached, please find a copy of the letter sent to Congressman Augustus F. Hawkins, Chairman, House Subcommittee on Employment Opportunities from Mr. James C. Allison, Chairman of the Balance of State Rhode Island Private Industry Council. It is written in support of testimony given by Mr. Thomas Hanley of the Rhode Island Balance of State Prime Sponsor.

Please include this letter into Mr. Hanley's testimony as supporting documentation.

If you have any questions regarding this subject, please contact me at telephone number (401) 277-3874.

Sincerely yours,

Raymond P. Petrarca

Raymond P. Petrarca
Private Industry Council Liaison

RPP:rmp
Enclosure

Gilbane
BUILDING COMPANY
ESTABLISHED 1873 INCORPORATED 1908
7 JACKSON WALKWAY, PROVIDENCE, RHODE ISLAND 02940

RECEIVED
MAR 23 1981
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

March 18, 1982

The Honorable Augustus F. Hawkins
Chairman, House Subcommittee on
Employment Opportunities
B-346A Rayburn House Office Building
Washington, D. C. 20515

Dear Mr. Hawkins:

I am writing to lend my full and unqualified support to the testimony being presented before your committee by Mr. Thomas Hanley, Director of the Rhode Island Balance of State Prime Sponsor. In my capacity with the Gilbane Building Company, I have been extensively involved with the Rhode Island Balance of State Private Industry Council (PIC).

I have read and reviewed a written text of Mr. Hanley's testimony. I am in total concurrence with the spirit and letter of that testimony.

As a former Director of Operations for O.I.C. and the Chairman of PIC, I strongly feel that the "track record" of job training programs in Rhode Island is such that I support not only the continuation of these programs but also their expansion. Also, I am in complete agreement with the current design of the system in which the Job Development and Training unit operates and administers these training programs, relying heavily upon private industry needs and more specifically Private Industry Council input.

I have spent a good deal of my Engineering and Management career in the private sector. During this period, I have observed numerous cases of unproductive lives being turned into productive lives as a result of individuals being trained and counseled in programs administered by the Rhode Island Balance of State Prime Sponsor. The individual, society, and business all emerge as big winners when this happens. There is no question, these programs must continue.

As a black person, a long time civil rights advocate, and a native Rhode Islander, I have committed my energies to assure you that the Council will continue to carry out and improve on our model program in Rhode Island.

Sincerely,

GILBANE BUILDING COMPANY

James C Allison

James C. Allison
Corporate AA Coordinator
Chairman, Private Industry Council

JCA:rj

ROBERT A. YOUNG
SECOND DISTRICT
MISSOURI

1317 LONGWORTH BUILDING
WASHINGTON, D.C. 20515
(202) 225-2561

COMMITTEES:
PUBLIC WORKS AND
TRANSPORTATION
SCIENCE AND TECHNOLOGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

WALTER L. MEYER
DISTRICT ADMINISTRATOR

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12325 MANCHESTER ROAD
DES PERES, MISSOURI 63131
(314) [illegible]

RECEIVED
MAR 29 1981
EMPLOYMENT OPPORTUNITIES

March 24, 1982

The Honorable Augustus F. Hawkins
Chairman of the Subcommittee on
Employment Opportunities
B346A Rayburn HOB
Washington, D.C. 20515

Dear Gus:

I want to thank you for giving me the opportunity to participate in the hearings last week which dealt with the development of a national employment and training policy. I was impressed by the remarks which were made by my colleagues, and I hope that the information presented at the hearings will guide your Committee as it works to develop such a comprehensive policy.

I thought that you might be interested in the enclosed statements which were prepared by the American Vocational Association and the Missouri Employment and Training Association with regard to future employment and training legislation. I would appreciate it if you could include these statements in the appendix of the final report which is issued on the Committees' joint hearings on employment and training. I have included two copies of each statement for your information.

Thank you for your assistance in this matter. With warmest regards, I am

Sincerely,

Bob

Robert A. Young
Member of Congress

RAY/pa

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

MISSOURI EMPLOYMENT & TRAINING ASSOCIATION LEGISLATIVE RESOLUTIONS

1. The Association is supportive of employment and training funds passing through one agency, such as the State. This should simplify administration, increase coordination, reduce costs, and eliminate duplication.

2. Although the Reagan Administration is reportedly proposing 2.5 billion for employment and training operations in FY-82, this amount should be increased to 5 billion. This amount is necessary to maintain high service levels to the disadvantaged as well as to meet the massive need for upgrading and retraining. Without a concerted financial effort, little can be done to improve the economy or industrial productivity. We might add that the matching portion of federal funds with private cash contributions in the Hawkins Bill deserves a closer look.

3. Vocational Education should be an equal partner in the business and labor team. Neither the Quayle or Hawkins versions state a specific role for vocational education. Vocational Education is an integral part of the training, retraining and upgrading process. Voc-Ed at the secondary, post-secondary, and skill center level have demonstrated an excellent rapport with business and labor. Maximum use of these facilities will insure quality education and skill training to meet industry needs.

4. The reduction or elimination of allowances will make more funds available to serve more participants. At a minimum, allowances should be reduced so that the participants total income (allowances, cash welfare payments, and other subsidies) does not exceed the minimum wage. Exempted from this would be transportation and travel expenses.

5. Program performance levels should be relaxed when serving high risk participants. Programs for participants which are high-risk and require longer periods of training should allow for a variance in performance.

6. The disadvantaged should have first priority in training programs, but authority to exceed the 70% LLSIL in increments up to 100% LLSIL should be granted. This would assure that the disadvantaged are served as well as allow flexibility to maintain the maximum use of local education agencies and skill centers.

7. A singular advisory council such as the PIC council is preferred. Both the Quayle and Hawkins Bills provide for just a PIC council. This will be a welcomed improvement and will serve to bring the public and private sectors together.

8. Forward funding for the program for at least a two year period will increase the likelihood of private sector interest and participation by local education agencies.

January 21, 1982

POSITIONS ON EMPLOYMENT AND TRAINING LEGISLATION

American Vocational Association

PURPOSE

Position:

ONE OF THE MAJOR PURPOSES OF THE NEW EMPLOYMENT AND TRAINING LEGISLATION SHOULD BE TO ASSIST STATE AND LOCAL COMMUNITIES TO DEVELOP AND SUSTAIN THE CAPACITY TO PROVIDE, THROUGH EXISTING INSTITUTIONS, BASIC AND REMEDIAL EDUCATION, JOB TRAINING AND EMPLOYMENT OPPORTUNITIES FOR ECONOMICALLY DISADVANTAGED, UNEMPLOYED AND UNDEREMPLOYED PERSONS.

Rationale:

The public has invested heavily in institutions and agencies to provide education and job training for all persons in the state. This includes the economically disadvantaged person who is the recipient of federal employment and training programs. In response to state and local laws, a network of vocational education institutions has been established, putting them within reach of over 90% of the population in the United States. However, due to the high cost of programs for economically disadvantaged youth and adults, many states and local communities need extra assistance to conduct these programs. This assistance will enable them to fulfill their responsibility for programs and services rather than abdicating their role and turning their poor over to the federal government. Federal legislation should not create separate institutions and agencies to provide education and services which are currently the responsibility of state and local institutions and agencies. The duplication of services, high cost of these superimposed programs and poor image attributed to both the recipients and agencies administering these programs make it necessary to redirect the federal investment in employment and training. The federal investment must be redirected in order to be consistent with state and local investments in programs serving their population.

PLANNING

Position:

NEW EMPLOYMENT AND TRAINING LEGISLATION SHOULD CALL FOR LOCAL AND STATEWIDE PLANNING FOR EDUCATION AND TRAINING SERVICES TO BE A COMPONENT OF THE STATE PLAN FOR VOCATIONAL EDUCATION. THE STATE PLAN FOR VOCATIONAL EDUCATION SHOULD ESTABLISH MECHANISMS FOR:

1. Utilization of funds to meet the purposes of the employment and training act while developing the long-term capacity for serving the economically disadvantaged.
2. Receiving input from the local service delivery areas and statewide interests in terms of labor market requirements.
3. Establishing performance criteria for programs of employment and training.
4. Coordinating the delivery of education and employment training services within the service delivery area.
5. Coordinating with other state agencies and groups in the planning and delivery of services within the service delivery areas.
6. Developing non-financial agreements between local service delivery areas and the State Board for Vocational Education. These agreements will reflect local planning and operation of education and training activities.
7. Approval of the plan by the Governor or the Secretary of the Department of Labor.

Rationale:

The State Board for Vocational Education is required by federal and state law to develop a state plan for all vocational education training in each state. The planning process established in P.L. 94-482 mandates input from local and state interests involved in the delivery of services and provides a means for the private sector to advise on vocational education training. The planning component of new employment and training legislation can readily utilize the organization and expertise at the state and local level to begin planning immediately for employment and training services. This would help eliminate the delay caused by establishing a new planning process and mechanisms within every state. In addition, the coordination factor would be greatly enhanced and the costly duplication of programs would be reduced.

FUNDS TO VOCATIONAL EDUCATION

Position:

A SIGNIFICANT PORTION OF THE FUNDS THAT FLOW TO THE STATES UNDER NEW EMPLOYMENT AND TRAINING LEGISLATION SHOULD BE ALLOCATED TO THE STATE BOARD FOR VOCATIONAL EDUCATION. THESE FUNDS WILL BE USED AS FOLLOWS:

-- Not more than 10% of the funds may be used for state administration and technical assistance to service delivery areas.

-- The remainder will be allocated for programs in the service delivery area in accordance with the interstate distribution formula contained in the legislation.

-- Funds allocated to institutions and agencies within a service delivery area are to be used to provide the basic and remedial education support services, vocational and occupational training, coordination, institutional and on-the-job preparation, and job placement services that are needed to assist economically disadvantaged persons to prepare for and enter into employment.

-- The State Board will develop a non-financial agreement with service area administrators. This agreement will include:

a. The selection of occupational areas for preparatory training;

b. The recruitment, referral and selection of disadvantaged clients;

c. The criteria for selecting institutions and agencies to provide vocational training (among the criteria that must be established are private sector involvement, a proven track record for producing employable graduates, a capacity to serve additional disadvantaged persons including management staffs, support services, facilities and equipment, justification for not utilizing established institutions);

d. The number of persons to be served;

e. The scope of related and support services to be provided by vocational education training institutions or agencies; and

f. Service area administration to provide information on other training initiatives it would support.

Rationale:

The utilization of the State Board for Vocational Education and the existing institutions and agencies will emphasize the use of mainstream and established institutions and programs. Which will cut down on the emergency and ad hoc approach to developing people for employment. The use of approaches that have no track record but have been created primarily for the receipt of federal funds has created a lack of credibility with taxpayers. The involvement of the State Board for Vocational Education will ensure greater utilization of existing facilities and equipment. This is the place where local, state and tax investments have already been made.

CLIENTS SERVED

Position:

CLIENTS TO BE SERVED UNDER NEW EMPLOYMENT AND TRAINING LEGISLATION SHOULD BE LIMITED TO OUT-OF-SCHOOL YOUTH AND ADULTS WHO ARE ECONOMICALLY DISADVANTAGED AND NEED SPECIAL HELP FOR A SECOND CHANCE.

The vocational education institutions and agencies are the appropriate place to provide education and occupational preparation for in-school, disadvantaged youth. Should the new legislation contain provisions for programs for in-school youth, 100% of these funds should flow to the State Board for Vocational Education to be allocated to local education institutions who are responsible for the education of in-school youth.

Rationale:

The State Board for Vocational Education and local institutions and agencies are charged by state law with responsibility for in-school aged youth. These agencies and institutions must be 100% involved in the planning, leadership, coordination efforts and delivery of services to clients in need of federally assisted employment and training. These programs should be an integral part of the on-going education system in the local communities and the states.

DEFINE VOCATIONAL EDUCATION

Position:

VOCATIONAL EDUCATION AND RELATED SERVICES SHOULD BE DEFINED IN NEW EMPLOYMENT AND TRAINING LEGISLATION.

The definition of vocational education should be "organized educational programs which are directly related to the preparation of individuals for employment, which includes instruction related to the occupation or occupations for which the students are in training, or instruction necessary for students to benefit from such training, and the acquisition, maintenance and repair of instructional supplies, teaching aids and equipment."

Rationale:

The training conducted under CETA has been defined and reported in a number of ways. Classroom training is understood to be institutional training, whereas on-the-job training has been understood to be something other than the responsibility of the vocational education community. Thus, the understanding of what is being accomplished in vocational education and related services varies from setting to setting. The terminology is misunderstood. New legislation should clarify and clearly set forth the definition of vocational education and related services in order to enhance collaboration between federal legislation for employment and training and other components of vocational education at the state and local level.

FUNDING CYCLE

Position:

THE FUNDING CYCLE FOR NEW EMPLOYMENT AND TRAINING LEGISLATION SHOULD BE ADJUSTED TO MATCH THE FUNDING CYCLE FOR EDUCATION PROGRAMS AND SHOULD CONTAIN FORWARD FUNDING PROVISIONS.

Rationale:

One of the major administrative problems encountered with existing CETA legislation is the mismatch between the prime sponsors funding cycle and that of the education agencies and institutions. Coordination of the delivery of services will be enhanced if this barrier is removed in new legislation. The planning year, the funding year and the reporting of accomplishments should correspond in order to facilitate coordination and cooperation.

RECOGNIZE VOCATIONAL EDUCATION AS A PROGRAM

Position:

NEW EMPLOYMENT TRAINING LEGISLATION SHOULD ADOPT THE CONCEPT THAT VOCATIONAL EDUCATION TRAINING AND RELATED SERVICES IS A MAJOR PROGRAM COMPONENT.

Rationale:

Vocational education and related services is a program that is fundable, managable, and can be held accountable for results. This is not clearly understood and has been overlooked in previous versions of employment and training legislation. Individuals involved in federal employment training programs agree that long-term, intensive training combined with remedial education and on-the-job experience is essential if the economically disadvantaged are to be empolyed. The question becomes how does the CETA client receive these experiences; through a series of services or through a clearly defined vocational education program? By recognizing vocational education as a program, it will emphasize the use of mainstream and established institutions and programs rather than allowing the ad hoc or emergency approaches to develop. This concept will improve employment and training legislations' credibility with taxpayers because it will ensure the involvement of the State Board of Vocational Education and the utilization of existing facilities and equipment where local and state tax investments have already been made.

DATA COLLECTION

Position:

A COMMON DATA COLLECTION MECHANISM SHOULD BE ESTABLISHED IN NEW LEGISLATION THAT WILL BE CONSISTENT WITH P.L. 94-482. THE NATIONAL OCCUPATIONAL INFORMATION COORDINATING COMMITTEE AND THE STATE OCCUPATIONAL INFORMATION COORDINATING COMMITTEE SHOULD BE UTILIZED.

Rationale:

All job training programs within a state should utilize common data in the determination of occupational needs. To utilize different collecting and reporting systems would make coordination almost impossible. The established NOICC and SOICC system, currently jointly funded and managed by Education and Labor, should be maintained and included in new legislation.

LOCAL RECIPIENT OF FUNDS

Position:

THERE SHOULD BE ONE RECIPIENT OF FUNDS AT THE LOCAL LEVEL WHO IS CHARGED

WITH ADMINISTRATION OF EMPLOYMENT AND TRAINING LEGISLATION.

Legislation should not leave doubt as to whether the Private Industry Councils or the existing prime sponsors are recipients of the funds.

Rationale:

The partnership to be developed between education, the private sector and the government agencies at the local level will be enhanced if the responsibility to receive federal funds and administer the programs is clearly placed.

PERFORMANCE CRITERIA

Position:

NEW LEGISLATION SHOULD CONTAIN THE PERFORMANCE CRITERIA OF:

1. Increased earnings 12 months after completion of the program for adults; and
2. The obtaining of skills necessary to be employed in the local labor market after completion of training.

Given control over client selection, necessary resources, design of instructional programs, related services and number of hours of instruction, these performance criteria would be acceptable.

Additional performance standards will be developed at the local level for each occupation.

Rationale:

Federal legislation should be concerned with the increased earnings of those who complete the programs and the growth that individuals possess upon completion of training. Local labor market needs vary and there is a variety in labor market demands. Thus, competency based standards should be developed at the local level that are consistent with the occupational needs and demands of the specific occupation. Standards for these specific occupations can better be developed by states or consortium of states funded to develop occupational performance measures based upon occupational competencies and validated by industry.

EVALUATION AND ACCOUNTABILITY

Position:

LEGISLATION SHOULD CALL FOR ACCOUNTABILITY REPORTS FROM THE LOCAL SERVICE DELIVERY AREA AND FROM THE STATE BOARD FOR VOCATIONAL EDUCATION. CRITERIA FOR EVALUATION WOULD BE DEVELOPED BY THE STATE BOARD FOR VOCATIONAL EDUCATION AND LOCAL RECIPIENTS BASED UPON THE NATIONAL PERFORMANCE STANDARDS OF INCREASED EARNINGS AND INDIVIDUAL GROWTH UPON COMPLETION OF TRAINING.

Rationale:

State and local communities are better able to develop evaluative criteria based upon the responsibilities assigned and consistent with local occupational demands. This would ensure initial involvement and input by the vocational education community and establish the fact that given control over client selection, necessary resources, design of instructional programs, related services and number of hours of instruction, vocational education will be accountable for success of the client. In addition, the development of criteria at the local level will aid in the collaboration of business and industry in the process.

MEMBERSHIP ON THE PIC

Position:

REPRESENTATIVES FROM THE VOCATIONAL EDUCATION AGENCIES AND INSTITUTIONS AT THE LOCAL LEVEL SHOULD SERVE ON THE LOCAL PRIVATE INDUSTRY COUNCIL.

Rationale:

The designation of vocational education representatives on the PIC will assure that those providing the education component will be represented in the planning and leadership of employment and training programs. To simply call for education representation will not assure vocational education involvement in every state and local community, due to the variation in administrative structures.

STIPENDS

Position:

NEW EMPLOYMENT AND TRAINING LEGISLATION SHOULD PROVIDE TRAINING STIPENDS FOR SERIOUSLY DISADVANTAGED, OUT-OF-SCHOOL ADULTS.

In-school dependent youth should receive no stipend, but incentives should be built into the legislation to make completion of the program attractive.

Rationale:

A limited number of young adults will need support to enable them to make the transition into, and complete training for employment. This support will be necessary for family maintenance during the training period. On the other hand, in-school dependent youth have access to other forms of support, some federal, some state and local, and some family support. Incentives to complete the program in the form of guaranteed employment, etc., should be sufficient to maintain interest in the occupational training.

ADVISORY COUNCILS

Position:

NEW LEGISLATION SHOULD CALL FOR A SINGLE NATIONAL ADIVSORY COUNCIL TO CONSIDER BOTH NEW EMPLOYMENT AND TRAINING LEGISLATION AND EXISTING VOCATIONAL EDUCATION LEGISLATION.

The Governor should have the flexibility to designate the existing state advisory council or other appropriate boards, to advise on new employment and training legislation.

Rationale:

The establishment of one national advisory council for all vocational education and training will create an atmosphere of overview of all employment and training legislation when advice is forwarded to the Congress and the President of the United States. In addition, the activities ensuing from this one advisory council will improve collaboration among vocational education and training programs in the state and at the local level.

To provide the Governor with the flexibility to name advisory councils which may be joint advisory councils at the local level, will enhance coordination and collaboration between existing structures for all vocational education and training within the state.

JOB CORPS

Position:

JOB CORPS PROGRAMS SHOULD BE A SEPARATELY FUNDED FEDERAL PROGRAM OF RESIDENTIAL INSTRUCTION FOR SEVERELY DISADVANTAGED YOUTH.

Rationale:

The Job Corps has been a successful program for economically disadvantaged youth. This proven success should be maintained as it is currently structured.

ROBERT A. YOUNG
Second District
Missouri

1317 Longworth Building
Washington, D.C. 20515
(202) 225-2561

Committees:
PUBLIC WORKS AND TRANSPORTATION
SCIENCE AND TECHNOLOGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

WALTER L. MEYER
District Administrator

4154 Cypress Road
St. Ann, Missouri 63074
(314) [illegible]

12325 Manchester Road
Des Peres, Missouri 63131
(314) [illegible]

March 25, 1982

The Honorable Augustus F. Hawkins
Chairman of the Subcommittee on
Employment Opportunities
B346A Rayburn HOB
Washington, D.C. 20515

Dear Gus,

Enclosed is further testimony I received from the City of St. Louis with regard to future employment and training legislation. I hope these statements can be included in the appendix of the final report which is issued on the Committees' joint hearings on employment and training. I have included two copies of each statement for your information.

Thank you for your assistance in this matter.

Sincerely,

Bob

Robert A. Young
Member of Congress

RAY:wv

Enclosures

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

MAR 25 1982

City of St. Louis

Vincent C. Schoemehl, Jr.
Mayor

200 City Hall
Tucker & Market Streets
St. Louis, Missouri 63103
(314) 622-3201

Office of the Mayor

W. Lynton Edwards III
Executive Director, Development

March 15, 1982

Mr. Quentin C. Wilson
District Assistant
Congress of the United States
House of Representatives
Washington, D.C. 20515

Dear Mr. Wilson:

The position of the Mayor on the appropriate roles of various actors in the employment and training system are outlined in the attached. His position is very supportive of the U.S. Conference of Mayors and the National League of Cities, in that, we need retention of the Prime Sponsorship system in order to facilitate local input into meeting the employment and training challenge. The Mayor welcomes the private sector involvement and partnership but feels it is local governments responsibility to insure employment and training opportunities to its structurally unemployed constituents.

If you have any further questions, concerning this matter, please feel free to contact me.

Sincerely,

W. Lynton Edwards III
Executive Director, Development

WLE/DJP/cr

THE ROLE OF THE PRIVATE INDUSTRY COUNCIL

The proposed legislation, by the administration, Senator Quayles, Senator Kennedy, Senator Jeffords, Congressman Hawkins, all call for more involvement of the Private Industry Council in employment and training activities. The roles range from concurrence on all plans to administration of program dollars.

I agree that greater involvement and strengthening of linkages with the private sector is most desirable.

The Private Sector should provide guidance in planning and programming of employment and training activities, provide input on how to market CETA's incentives to the Private Sector, how to overcome the massive resistance to employing CETA participants. They should not however be given total responsibility for program planning and administration. Employment and training programs affect the entire community including the participants, potential employers, and citizens. Therefore, the chief elected official agent should be responsible for planning, implementing, and assessing employment and training activities.

The hypothesis that the Private Sector desires or the ability to plan and administer employment and training programs is not based on any factual data. The illusion which has been created by the administration, that the Private Sector is the "Saviour" of employment and training programs, has certainly not been proven by the current Private Industry Council's. The PIC in St. Louis has not found it any easier to access the larger Private Sector community than has the Prime Sponsor acting alone.

It is illogical to me that the administration would transfer power over the employment and training programs to the private sector when the private sector's tract record, based on factual data, shows it has not afforded equal access to employment opportunities to minorities and the structurally unemployed. If the private sector had accomodated the needs of this group, there would have never been a need for CETA, MDTA, etc.

LOCAL COORDINATION OF EMPLOYMENT AND TRAINING ACTIVITIES

The list of major programs now in place to implement federal employment and training policies, demonstrates the significant fragmentation of the system which impedes its ability to maximize service delivery.

The major existing federal programs are: C.E.T.A., Wagner-Peyser Act (establishes employment services), W.I.N., and Vocational Education Act, under Title IV of the Social Security Act.

Each program has its own delivery system, structure, administration, funding, regulations, etc. Although they all share the common goal of being a vehicle to assist people in finding meaningful work, there is an overlap of services among the different programs. The lack of clear legislative mandates, inconsistent definition of client eligibility, idiosyncratic service definitions, different federal, state, and local agencies acting as governing mechanisms, among the different agents perpetuates competition for clients and dollars.

Any new legislation should take a major step in clarifying the roles and responsibilities for each agent, and where necessary, consolidate duplicated and uncoordinated federal employment and training programs, so as to promote coordinated planning and programming, with the Prime Sponsor serving as the focal point of all employment and training activities.

THE ROLE OF THE SUBCONTRACTOR IN THE EMPLOYMENT AND TRAINING SYSTEMS

1. Contribute to the planning process of public and private institutions involved in the employment and training system;
2. Design and implement cost-effective, efficient oriented programs aimed at increasing the employability of the structurally unemployed;
3. Conduct outreach and recruitment activities to assure that the most in need are served;
4. Training individuals in the skills required by the identified potential employer; and
5. For placement: placing graduates in unsubsidized jobs.

THE ROLE OF THE PRIME SPONSOR

The CETA Prime Sponsor should have the responsibility for the administration of employment and training funds, employability development (assessing the employment potential of the clients and counseling them toward an appropriate career); act as a focus for coordination between groups whose missions are to provide employment and training services; coordinate the cooperation of public and private resources to guarantee each client the least number of barriers to employment.

In order to carry out this mission, the Prime Sponsor must have the flexibility and authority to develop new innovative programs. The flexibility must include the authority to integrate employment and training programs with other public and private development activities. Prime Sponsors should be allowed funding on a multi-year basis in order to facilitate planning and committment of funds to multi-year projects. The current system does not allow planning for long term solutions to the unemployment problem. Planning, at best, is piece meal and it is very difficult to stimulate creative programming when funding and the level of funding are questionable year to year. Multi-year funding would also allow for planning with job creation entities/economic development projects which are usually three (3) to five (5) years from plan to implementation.

In summary, the Prime Sponsor should be the labor market-wide planning and decision making structure.

Boston Indian Council, Inc.
105 SOUTH HUNTINGTON AVENUE
JAMAICA PLAIN, BOSTON, MASS. 02130
Telephone 232-0343-44

RECEIVED
MAR 29 198
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

March 24, 1982

TESTIMONY OF THE
BOSTON INDIAN COUNCIL, INC.
BEFORE THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
OF THE COMMITTEE ON EDUCATION AND LABOR

After eight years of documented success with a CETA Title III Sec. 302 Prime Sponsorship, the Boston Indian Council Inc., (BIC) strongly opposes the Administration's proposal to eliminate the off-reservation employment and training program. If approved by Congress, this policy would effectively destroy the job and training opporunities available to half the total Indian population of the country which now resides in urban areas and return us to our pre-1975 outlook of low expectations and a heightened sense of hopelessness. Then considerably greater expenditures will be required by federal, state and local governments to provide subsistance for an increasingly dependent population.

We will share with you some of the accomplishments achieved by our Employment and Training project over the years. Between 1975 and 1982, our project serviced approximately 2700 clients with over 1200 being directly placed in unsubsidized jobs. We have with the co-operation and assistance of the Digital Equipment Corporation operated a classroom training project to train electronics technicians and have graduated twenty-five students with most having been placed in jobs in the electronics field. Our staff has placed 64 Indian students in Job Corps training sites around the country as part of a separate contractual arrangement with Department of Labor. Moreover, our rudimentary survey figures indicate that in 1975, the unemployment rate for Indian people in Greater Boston stood at 55%; whereas, in 1981, it had "shrunk" to 45%.

Due to our prioritizing of training activities, we are concerned as to the prohibition included in the Administration bill against the payment of stipend money to students enrolled in approved training classes. Our experience is that the stipends, though minimal, make it financially possible for our students to participate in full-time, intensive class-room instruction. Our project is focused not on individuals who are currently working and seeking an upgrading of their skills nor on those desiring a change of profession, but rather those who would be entering the work force for the first time and have no alternative source of income.

In general, we support the Quagle bill (S. 2036) which authorizes the flexible administration of off-reservation programs as does the Hawkins bill (H.R. 5320), but the Senate committee's funding formula would permit an appropriation for the Indian program, reservation and off-reservation, close to the FY 1982 level. Also, we support the inclusion of two sections of the Jeffords bill (H.R. 5461), specifically Secs. 324 g and h which provide for grantee consultation and the provision of technical assistance.

Knowledge of the Circle

The proposed Department of Labor "Job Training Act of 1972" excludes over 50% of the American Indian and Alaska Native population and contradicts the intent of Congress articulated in the Comprehensive Employment and Training Act, Sec. 302b which states that "(t)he Congress therefore declares that (there is a) special relationship between the Federal Government and most of those to be served by the provisions of this section". We request that the Congress not rescind its commitment to the Indian population but continue its support for our efforts to attain social and economic self-sufficiency.

ELWOOD H. "BUD" HILLIS
5th District, Indiana

Committees:
HOUSE COMMITTEE ON
VETERANS' AFFAIRS
HOUSE ARMED SERVICES
COMMITTEE
AUTO TASK FORCE
(CO-CHAIRMAN)
STEEL CAUCUS
TEXTILE CAUCUS
NORTHEAST-MIDWEST COALITION

Congress of the United States
House of Representatives
Washington, D.C.

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March 15, 1982

The Honorable Augustus Hawkins
Chairman, House Subcommittee
on Employment Opportunities
B-346A Rayburn House Office Building
Washington, D.C. 20515

RECEIVED
MAR [illegible] 1982
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

Dear Mr. Chairman:

Enclosed please find the requisite two copies of my testimony on employment and training policy. I appreciate your giving me the opportunity to appear before the Subcommittee, and am sorry that my schedule changed such that I am unable to be there in person. However, I do hope that my written statement will be made a part of the record for the March 16th hearing.

If you have any questions, please do not hesitate to contact me.

With best regards, I am

Sincerely,

Bud Hillis
Elwood H. Hillis
Member of Congress

H:s

STATEMENT BY CONGRESSMAN ELWOOD H. HILLIS
HOUSE EDUCATION AND LABOR COMMITTEE
MARCH 16, 1982

Mr. Chairman and members of the Committee, thank you for allowing me to appear here today to testify on the various employment and training bills before you.

On August 4, 1981, I introduced H.R. 4391, the Youth Career Intern Program Act. This bill is not a new idea, but a tested and successful method of helping disadvantaged teenagers into the job market.

The Career Intern Program has been in existence since 1972 when the idea was first conceived by Dr. Leon Sullivan, Founder and Chairman of the Board, Opportunities Industrialization Centers of America. It is with Dr. Sullivan's assistance that I was able to introduce H.R. 4391.

The Career Intern Programs (CIP) encourage local enducational agencies to develop procedures designed to identify actual or potential high school dropouts and put them in an environment in which they can learn the skills necessary to obtain and maintain a job. The program requires each intern to set specific career goals and work to achieve those goals.

The basic philosophy behind the program is an intergration of formal education and on-the-job experiences. Participants, however, learn more than just formal training or vocational skills. Interns learn first-hand how and why employers select and supervise employees. Personal work and social habits are developed. In short, the student is exposed, perhaps for the first time, to the realities of the working world.

The OIC's booklet on Career Intern Programs summarizes their work by stating:

> CIP staffs deal with the personalized needs of the whole individual. Academic progress is inter-related with personal well-being. Curricular materials, teaching and counseling methodologies are designed to facilite individual and groups inquiry, to fuse career and affective information into academic subject areas, and to provide opportunities for experimental learning through in-class and out-of-class experiences. CIP staff members impact positive expectations to interns and convey both the determination and inspiration that interns can, will and must succeed.
>
> As interns complete more quarters or semesters and accrue more credits toward graduation, more advanced course work is introduced. A variety of more sophisticated instructional methodologies are used. More specialized career-oriented subject matter and supplementary materials are introduced. Career options are explored through career fairs, resource speakers who are employers, field trips, and off-campus activities. There is more intensive career counseling as well as greater parental involvement.

> As interns begin to focus upon particular careers, they are prepared for their "hands-on" experiences. Interns spend time at worksites where they observe pace and procedures and learn the parameters and educational requirements of careers in which they are interested. This usually includes performing tasks, under a worksite supervisor, through which they learn more dimensions of the work world. (When company or union regulations preclude their performing "hands-on" tasks, the interns observe intently--and review processes and procedures afterwards, in class.) Interns who complete a more realistic perception of their career choices, the world, and the expectations associated with their career choices.
>
> When the intern approaches graduation, planning for the next level of activity begins. Interns interested in college get enrollment and scholarship information. Interns interested in employment are taught job-finding skills. Those seeking advanced skills or technical training are assisted to enroll in appropriate institutions. Interns interested in the armed forces or on-the-job training are assisted in researching proper placement. CIP is designed to insure interns' transition into situations commensurate with their training, abilities, goals and ambitions.

Mr. Chairman, after reading the two House bills, H.R. 5320 and H.R. 5461, I believe the provisions of my bill, H.R. 4391, can easily be incorporated into either bill, or a clean bill when reported from Committee. I have had the Legislative Counsel office prepare the provisions contained in H.R. 4291 in amendment form for both H.R. 5320 and H.R. 5461. These amendments are attached to my statement.

I hope you will consider the success of the Career Intern Programs and incorporate H.R. 4391 into whatever bill you report. Thank you once again for your consideration.

AMENDMENT TO H.R. 5320

OFFERED BY MR. HILLIS

Page 105, after line 10, insert the following part (and conform the table of contents accordingly):

PART G--YOUTH CAREER INTERN PROGRAM

STATEMENT OF PURPOSE

SEC. 481. It is the purpose of this part to assist in providing financial assistance to prime sponsors to establish and operate programs conducted by local educational agencies and community-based organizations designed to improve educational and employment opportunities for youths in areas of high unemployment.

DEFINITION OF ELIGIBLE YOUTHS

SEC. 482. For the purpose of this part, the term ''eligible youth'' means a youth between the ages of sixteen to twenty-one, inclusive, or if authorized under regulations of the Secretary, age fourteen to fifteen inclusive, who is (1) either unemployed, underemployed, or in school, and (2) the income of his family is at or below the lower living standard income level.

FINANCIAL ASSISTANCE AUTHORIZED

SEC. 483. The Secretary and local educational agencies shall provide equal financial assistance to prime sponsors for programs to be conducted jointly by local educational agencies and community-based organizations to improve educational and employment opportunities for youths in areas of high unemployment and served by the prime sponsor.

APPLICATION

SEC. 484. Each prime sponsor desiring to participate in the program authorized by this part shall submit an application to the Secretary on behalf of local education agencies and community-based organizations within the area served by the prime sponsor at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall--

(1) describe the program to be conducted jointly by the local educational agency and the community-based organization for the improvement of educational and employment opportunities for youths in areas served by the prime sponsor;

(2) contain assurances that the unemployment rate for youth in the area served by the prime sponsor was equal to or in excess of two times the level of adult unemployment; and

(3) describe the manner in which eligible youth will be selected to participate in the program, the number of youth to be so served, the educational services and other training to be provided under the program, and the placement goals of the program.

AMENDMENT TO H.R. 5461

OFFERED BY MR. HILLIS

Page 91, after line 10, insert the following section (and conform the table of contents accordingly):

YOUTH CAREER INTERN PROGRAM

SEC. 328. (a) It is the purpose of this section to assist in providing financial assistance to prime sponsors to establish and operate programs conducted by local educational agencies and community-based organizations designed to improve educational and employment opportunities for youths in areas of high unemployment.

(b) The Secretary and local educational agencies shall provide equal financial assistance to prime sponsors for programs to be conducted jointly by local educational agencies and community-based organizations to improve educational and employment opportunities for youths in areas of high unemployment and served by the prime sponsor.

(c) Each prime sponsor desiring to participate in the program authorized by this section shall submit an application to the Secretary on behalf of local education agencies and community-based organizations within the area served by the prime sponsor at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall--

(1) describe the program to be conducted jointly by the local educational agency and the community-based organization for the improvement of educational and employment opportunities for youths in areas served by the prime sponsor;

(2) contain assurances that the unemployment rate for youth in the area served by the prime sponsor was equal to or in excess of two times the level of adult unemployment; and

(3) describe the manner in which eligible youth will be selected to participate in the program, the number of youth to be so served, the educational services and other training to be provided under the program, and the placement goals of the program.

(d) For the purpose of this section, the term ''eligible youth'' means a youth between the ages of sixteen to twenty-one, inclusive, or if authorized under regulations of the Secretary, age fourteen to fifteen inclusive, who is (1) either unemployed, underemployed, or in school, and (2) the income of his family is at or below the lower living standard income level.

Ronald L. Cain
P. O. Box 159
Perry, Georgia 31069

10 March 1982

RECEIVED
MAR 1[illegible] 1981
SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

The Honorable Augustus F. Hawkins
U.S. Congressman
Chairman, Subcommittee on Employment Opportunities
B-346A Rayburn House Office Building
Washington , D.C. 20515

Dear Mr. Hawkins:

I understand that two Senate and House Labor subcommittees are planning joint hearings March 15-18.

Attached please find copies of three of my "Letters to the Editor" relating to issues of concern to American workers.

(1) Forced Work Unethical
(2) Many Misconceptions Surround 'Right-to-Work' Law
(3) Present-day Laws protecting Worker Justified

I would appreciate it if these 'Letters' could be read into the hearings for the consideration of those present as well as those who may read a copy of the hearing transcript at a later date. I think these 'Letters' express and typify the interest and concerns of American workers.

Thank you for your consideration of this matter.

With best personal regards, I am

Sincerely,

Ronald L. Cain

Ronald L. Cain

PS: I would appreciate it very much if you could send me a copy of the two Senate and House Labor subcommittees hearings. Thank you.

He who decides a case without hearing the other side . . . tho he decide justly, cannot be considered just - - - SENECA

The Sunday Ledger-Enquirer
Columbus, Ga., February 21, 1982

forum

Forced Work Unethical

It would seem, even now as we fast approach the dawn of the 21st century, many workers are still being required or forced to work as long and as hard as human nature permits. In many cases they are compelled to work for the minimum wage on which life can be supported.

Many people may be under the false impression that the Wage and Hour Laws, more specific, the Fair Labor Standards Act (FLSA) limits the number of hours in a day or days in a week that an adult employee may be required to work. While this law provides many beneficial labor standards, it does not regulate work duty assignments, work schedules, or limit the number of hours in a day or days in a week that an adult employee (16 years of age or older) may be required to work.

In other words, a worker may be required or forced to work as many hours in a day or a week as an employer may wish to make that employee work. If the worker refused, the worker could be threatened with disciplinary action, including being fired.

If the worker was fired, without the worker having a contractual agreement limiting the number of hours to be worked, there is not a thing the worker could do about it.

The FLSA just does not have jurisdiction or authority over disciplinary actions, including terminations resulting from an employee's refusal to work when requested.

Of course, all covered and nonexempt employees must be paid in accordance with the minimum wage and overtime pay requirements of the Act. But that would be of little consideration if you had made plans for an evening out, or a weekend trip. You may have spent more for preparations than you would receive in overtime pay.

It comes a time when 'Human Rights' have to be considered. I don't think any person should be required or forced to work an unreasonable number of hours in a day or a week. Four states (Wyoming, Connecticut, Rhode Island, and Missouri) agree with that philosophy and have enacted maximum work hour laws.

Like Lech Walesa and his followers in Poland, we must have the courage to fight against oppression, whether it comes from the far left or the far right. We must never be so frightened or so enamoured of rhetoric as to surrender our freedom.

I don't think any worker should ever have to work an unreasonable number of hours in a day or a week. Nor should any worker ever be forced to work against his or her will. To be forced to work an unreasonable number of hours or against your will is certainly a form of oppression. To that end I think Georgia should consider enacting maximum work hour laws. If you agree then I would urge you to write your legislators and urge them to consider enacting maximum work hour laws.

RONALD L. CAIN
P.O. Box 139
Perry, Ga.

The Macon News, Thurs., Jan. 7, 1982

Many misconceptions surround 'right-to-work' law

Letter

We hear a lot of talk these days about the need for a constitutional convention to (among other things) adopt a "right-to-work" amendment.

First, it is important to realize that the phrase "right-to-work" is very deceptive and has nothing to do in ensuring the rights or equalities of working people. It would be better defined as anti-working people, anti-labor unions and pro-business.

As the Comte de Mun told the French Chamber of Deputies:

"Liberty does not consist in a theoretical right but in the possibility of exercising it. The power to be free, in a regime which puts the worker's life at the mercy of supply and demand; which exposes himself, his wife and his children to the hardships of a competition that knows no moderation; which sets no limit to his exploitation except the interests of those who employ him — the power to be free in such conditions, when the need of subsistence is so pressing as to permit of no waiting, no choice, no hesitation, does not exist and consequently the laborer is not free."

Under the present system of production, there are bound to be employers and employed. While the wage system lives, there must be an employing class and a laboring class. But the individual worker today is helpless to make any terms with an employer. He would be met by the answer: "If you don't like the terms, you can find another job." Individually, he is helpless. The employer has complete power over the isolated worker. The worker cannot make a real contract on an equal footing with the employer unless he goes to him clothed with the same power as the employer has. But a complete organization of workers, hence an organized labor union, would have the same power.

Now there are those who argue that a man has the right to work whether he belongs to a union or not. They may even try to strengthen this statement by adding the word "inalienable." Theoretically, there is nothing but words in the statement that a man has the right to work. An inalienable right is one which cannot be taken away, and it is plain that under the present conditions of work no such right exists, for a man's work can be taken away.

Neither can there be an inalienable right to work without a place to work. Neither the government nor those who declaim the loudest or insist the most have ever furnished the worker an inalienable place to work. The inalienable right to work means simply the inalienable right of the employer to go into the open market and bid for labor on the hardest terms.

The so-called "right-to-work" law only reinforces the power of the employer over the individual worker. It does not assure the worker the right to work, it does not assure the worker equality, nor the right to achieve economic dignity. In reality, it is based on bias and prejudice toward 22 million American workers who are union members in particular and the 107 million American workers in general.

RONALD L. CAIN
P.O. Box 159
Perry, Ga. 31069

The Macon News, Thurs., Mar. 4, 1982

Present-day laws protecting worker justified

In recent weeks there have been two articles in the newspaper relating to slavery. One article dealt with a slave smuggling ring in California, where Indonesians were smuggled into this country and sold to wealthy residents of Los Angeles and Beverly Hills. The second article dealt with an alleged slavery plot and court case in New Bern, N.C., in which one migrant worker died.

It would seem, even now as we fast approach the dawn of the 21st century, shades of Simon Legree still prevail.

Now there are those who believe our society is overburdened with laws, regulations and government agencies whose sole purpose is to protect the individual worker. What's ironic is the fact that they are correct. Society is overburdened with laws, regulations and government agencies whose sole purpose is to protect the rights of American workers.

But what's also important to understand is the fact that slavery and other means to exploit workers would be much more widespread without these laws and regulations. In fact, it was slavery and other means to exploit workers that instigated the enactment of present-day laws and regulations.

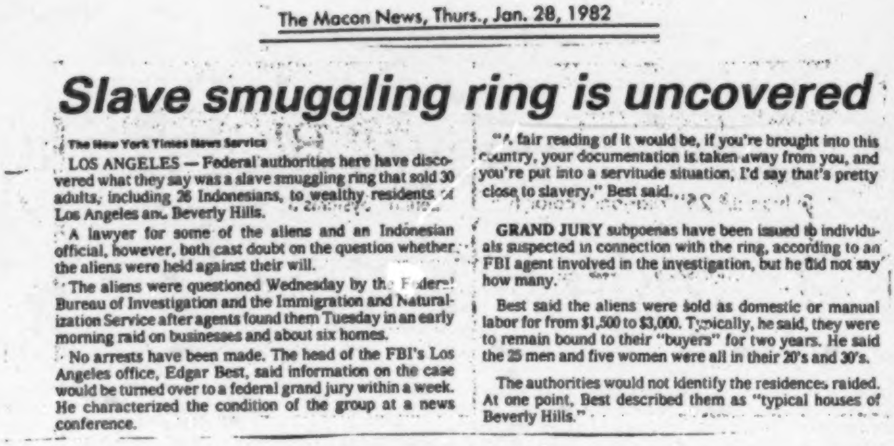
There are those who argue that the exploitation of workers is no longer a major or relevant problem. Of course they are correct. It's not a major or relevant problem today. But again it's important to understand that if we repealed these laws and regulations, society would revert back to mass exploitation of workers; back to the days when workers sold their souls to the company store. For these reasons I believe that the present-day laws and regulations are justified. I further believe that the cost to maintain and enforce these laws is justified.

I believe most employers try to do right by their employees today. That's to say, employers recognize that workers have certain inalienable rights as American citizens; as human beings they have certain "human rights." I believe most employers recognize that workers are entitled to equality and the right to achieve econom[illegible]. But, unfortunately, there is still that "one employer out of a hundred" who violates the individual and human rights of workers.

Usually those who declaim the loudest about society being overburdened with laws and regulations or insist the most to repeal these laws and regulations are the first to jump on the bandwagon to support that "one employer out of a hundred" who violates workers' rights. It would seem to me if they would condemn rather than support that "one employer out of a hundred" they could accomplish the same objective — namely to lessen the need for laws and regulations that overburden our society.

Regardless of how you view it, the continuing dedication of America's working men and women is our country's greatest strength, and public attention needs to be called to that fact. I further believe that the government has both the right and the duty to protect the rights of American workers.

RONALD L. CAIN
P.O. Box [illegible]
Perry, Georgia [illegible]



The Macon News, Thurs., Jan. 28, 1982

Slave smuggling ring is uncovered

The New York Times News Service

LOS ANGELES — Federal authorities here have discovered what they say was a slave smuggling ring that sold 30 adults, including 26 Indonesians, to wealthy residents of Los Angeles and Beverly Hills.

A lawyer for some of the aliens and an Indonesian official, however, both cast doubt on the question whether the aliens were held against their will.

The aliens were questioned Wednesday by the Federal Bureau of Investigation and the Immigration and Naturalization Service after agents found them Tuesday in an early morning raid on businesses and about six homes.

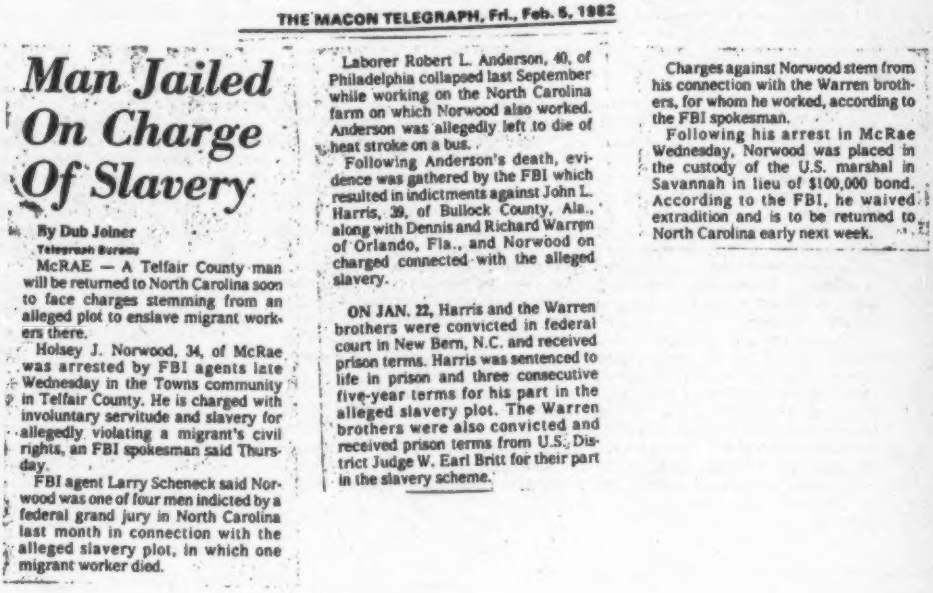
No arrests have been made. The head of the FBI's Los Angeles office, Edgar Best, said information on the case would be turned over to a federal grand jury within a week. He characterized the condition of the group at a news conference.

"A fair reading of it would be, if you're brought into this country, your documentation is taken away from you, and you're put into a servitude situation, I'd say that's pretty close to slavery," Best said.

GRAND JURY subpoenas have been issued to individuals suspected in connection with the ring, according to an FBI agent involved in the investigation, but he did not say how many.

Best said the aliens were sold as domestic or manual labor for from $1,500 to $3,000. Typically, he said, they were to remain bound to their "buyers" for two years. He said the 25 men and five women were all in their 20's and 30's.

The authorities would not identify the residences raided. At one point, Best described them as "typical houses of Beverly Hills."



THE MACON TELEGRAPH, Fri., Feb. 5, 1982

Man Jailed On Charge Of Slavery

By Dub Joiner

Telegraph Bureau

McRAE — A Telfair County man will be returned to North Carolina soon to face charges stemming from an alleged plot to enslave migrant workers there.

Holsey J. Norwood, 34, of McRae was arrested by FBI agents late Wednesday in the Towns community in Telfair County. He is charged with involuntary servitude and slavery for allegedly violating a migrant's civil rights, an FBI spokesman said Thursday.

FBI agent Larry Scheneck said Norwood was one of four men indicted by a federal grand jury in North Carolina last month in connection with the alleged slavery plot, in which one migrant worker died.

Laborer Robert L. Anderson, 40, of Philadelphia collapsed last September while working on the North Carolina farm on which Norwood also worked. Anderson was allegedly left to die of heat stroke on a bus.

Following Anderson's death, evidence was gathered by the FBI which resulted in indictments against John L. Harris, 39, of Bullock County, Ala., along with Dennis and Richard Warren of Orlando, Fla., and Norwood on charged connected with the alleged slavery.

ON JAN. 22, Harris and the Warren brothers were convicted in federal court in New Bern, N.C. and received prison terms. Harris was sentenced to life in prison and three consecutive five-year terms for his part in the alleged slavery plot. The Warren brothers were also convicted and received prison terms from U.S. District Judge W. Earl Britt for their part in the slavery scheme.

Charges against Norwood stem from his connection with the Warren brothers, for whom he worked, according to the FBI spokesman.

Following his arrest in McRae Wednesday, Norwood was placed in the custody of the U.S. marshal in Savannah in lieu of $100,000 bond. According to the FBI, he waived extradition and is to be returned to North Carolina early next week.

February 11, 1982

Mr. James C. Lauer
Executive Director
Private Sector Initiative Program
Outagamie County
400 S. Linwood Avenue
Appleton, Wisconsin 54911

Dear Mr. Lauer:

Thank you for your recent correspondence regarding the up upcoming joint hearings on employment and training legislation. Because we received an inordinate number of letters from individuals requesting an opportunity to testify at those h hearings, we have a full schedule of witnesses. I unfortunately cannot accomodate your interest in testifying in person. However, I would be pleased to include the written statement which you submitted, along with the written statement of Ms. Carol Groeschel, in the official hearing record. Also, your name will be plased on our mailing list to receive a copy of the printed hearings when they become available for distribution.

For your information, I have enclosed a summary of the major provisions of H.R. 5320, the Community Partnership for Employment and Training Act, which replaces CETA. This initiative builds on past experienees and provides new policy options which strengthen the stability of the program. I will strive for prompt Congressional action on this legislation.

With warm regards, I am

Sincerely,

Augustus F. Hawkins
Chairman

AFS:baw

Enclosure

COPY

OUTAGAMIE COUNTY
410 S. WALNUT ST. APPLETON, WISCONSIN 54911 COURT HOUSE

PRIVATE SECTOR INITIATIVE PROGRAM
400 SOUTH LINWOOD AVENUE APPLETON, WISCONSIN 54911 PHONE (414) 735-5518
AN EQUAL OPPORTUNITY EMPLOYER

FEB 5 1982

EMPLOYMENT OPPORTUNITIES

February 4, 1982

Congressman Augustus Hawkins
B346-A Rayburn
House Office Building
Washington, D.C. 20515

Dear Congressman Hawkins:

I am enclosing copies of proposed testimony that I would like to offer at the hearings being held on the reauthorization of CETA.

I am requesting the opportunity to speak to this committee on behalf of the Outagamie County prime sponsor. Also, Ms. Carol Groeschel, who is a Private Industry Council member in Outagamie County, is requesting the opportunity to address the committee.

If at all possible, we would like to be scheduled in close proximity in order to facilitate transportation.

We very much hope that we will be afforded this opportunity and will await your notification.

Sincerely,

Jim Lauer

JAMES C. LAUER
Executive Director

Enclosures
as stated

JCL/do

A DIVISION OF CETA

I am James Lauer, Executive Director of the Outagamie County CETA program in Outagamie County, Wisconsin. I am also the Chairman of the Wisconsin Chapter of the National Association of CETA Directors. Prior to my acceptance of my present position, I had been gainfully employed in private industry since 1970.

I have seen CETA from its infant growing pains to its present structure, and I submit to you that CETA has not failed. It has been successful despite the difficulties it has sustained.

During its infancy, CETA was used by the Nixon administration as a tool for dealing with rising unemployment. Programs were grants which were designated to be spent on persons residing in areas as small as wards, which in some cases were no larger than five blocks. This made enrollment difficult and expenditure of these small grants time consuming and administratively costly. However, prime sponsors already began to implement different approaches and programs on a very limited scale.

1976 - with the inauguration of the Carter administration, once again CETA became the leading edge of the administration's economic stabilization drive, and tremendous increases in funding were poured into relatively new operating entities. These program operators were coerced with threats of defunding into implementing programs which were sometimes very short sighted and totally contrary to the concepts under which CETA was originated. Despite very strong concerns raised by administrators over the lack of emphasis on placement and good work opportunities, the administration pushed ahead with mass enrollments and "projects" which emphasized activity and not quality. CETA prime sponsors met the challange.

1978 - CETA was reauthorized under much fire. CETA prime sponsors had already lost a great deal of their autonomy, and programs that emerged from the Department of Labor could in no way be construed as decentralized, locally controlled programs. Quite the opposite was true.

Additionally, the funding of CETA has been less than timely and consistent. The system has continually been impaired by funding delays, which often lasted for two to three months into a fiscal year. Such delays greatly slowed the effectiveness of local operators in planning and operating programs of quality.

1980 - Mass lay-off of public service employees. Prime sponsors were challanged to place these people. Again, we accomplished our goals. Despite these problems, CETA has been able to provide some impressive results. Noted men such as Garth Magnum have found that the CETA system is effective and has had impact on the employment of thousands of individuals.

My purpose in addressing you today is to make these points:

1. The CETA prime sponsor system operated by local governmental entities is effective. We have proven that. We have demonstrated remarkable adaptability and responsiveness. Proposing that the prime sponsor population base be raised above 100,000 would not improve the system, nor would it reduce costs. Department of Labor officials have found that larger programs generally do not operate as effectively as the smaller, locally run programs. Raising the prime sponsor population base would provide strong favoritism to larger cities and populous areas at the expense of rural areas which are perhaps not as notable, but just as needy of this type of programming.

2. The country is once again in the throes of a recession and the need for a responsive program is dire. The prime sponsor system, as it presently exists, is equipped and ready to respond. Channeling the funds through a new system would slow up the responsiveness and consequently the effectiveness. I am not convinced that governors are the best entities to be the chief recipients of such monies. The National Council on Employment Policy very much concurs that modifying the system already in place would be more effective and logical than completely changing it.

3. Finally, funding should be on a permanent basis, with a three year commitment of funding and planning capability. The continual uncertainty of funding from year to year has greatly inhibited constructive operation and, frankly, has made other institutions hesitant to work out any consistent relationship and interaction.

I urge you to support the existing system. Work with us to make the system even more effective. We have clearly demonstrated our effectiveness and our willingness to respond to local needs. We are asking for the recognition we deserve and the vote of confidence we have earned.

I wish to express my sincere appreciation to the committee for affording me the opportunity to speak.

Thank you.

I am Carol Groeschel, Executive Director of the New London Chamber of Commerce in New London, Wisconsin. I am also the proprietor of a retail store in that community, and I am an active member of the Outagamie County Private Industry Council.

I will be brief, as I know this committee has a considerable amount of testimony to hear. I would like to address myself to the issue of local control and support of the present prime sponsor system. I have been an active member of our local Private Industry Council for two years. Throughout that time, I have been pleased with the direction that our program has taken. We have worked very directly with the local vocational institute in implementing specialized training packages for our program's participants. Outagamie County is largely a rural county with one large populace city. Because of the broad base of representation on the Private Industry Council, we have been able to operate training programs that have helped both residents and employers meet their needs. We are seeing increasing interest on the part of the business community in our program.

Outagamie County has been a prime sponsor since the inception of CETA. Despite its size, it has been an innovator in the approach to employment and training needs in the state. In fact, several of its programs have been copied by other, larger prime sponsors, including balance of state.

As a PIC member, I have felt my input was valuable and seriously considered in the planning process. As a business woman, I have taken part in the programs offered by the Private Sector Initiative Program in Outagamie County, and have found it quite helpful in providing trained individuals who were willing and prepared to work.

In recognition of the success I have seen and the excellent possibilities that our organization has developed, I earnestly request that the future legislation of employment and training programs be in support of the prime sponsor system as it presently exists, with the qualifications remaining at a population base of 100,000. Additionally, I urge that the authorization for the program be permanent, and that funding be set at a three year level to facilitate planning and effective operation.

Thank you for the opportunity to speak on this very important matter.

Revised 3/12/82

****

TESTIMONY OF

JOHN W. WALLACE, PRESIDING OFFICER

COMBINED ASSOCIATION OF PRIME SPONSOR ADMINISTRATORS, REGION IX

TO THE JOINT HEARINGS OF THE

UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AND THE

UNITED STATED SENATE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

MARCH 17, 1982

****

Mr. Chairman, Senators, and Congressmen:

It is truly an honor to speak with you today.

I am appreciative of the fact that you have invited a local CETA Director--or, I should say, a current local CETA Director--to present testimony.

My name is John Wallace, and I am the Presiding Officer for an association representing fifty-two California, Arizona, Nevada, Hawaii, and Pacific Island CETA directors. I am also the CETA director for San Mateo County, California.

Rather than repeat our position, I would like to depart from the known and the predictable and instead to present two challenges to you. They are challenges that come not only from CETA directors, but from the Private Industry Council Chairs in California, Arizona, and Nevada; from administrators of other human service programs; and from the people who receive the services of our programs.

First is the challenge to establish a truly co-equal partnership between business and government for employment and training programs. Meeting this challenge begins with the recognition that employment and training programs are categorically different from other social programs. They *uniquely* form the intersection of public sector responsibilities and private sector interests. Concern for the unemployed man or woman or youth whose life is wasting away both economically and psychologically, and concern about the the economic growth and enhanced productivity of the nation's workforce, are in fact mirror reflections of the same issue, only seen from two different but equally important perspectives.

Hence, it is absolutely appropriate to establish a partnership of *equal* authority between government and business in employment and training programs--a partnership that requires agreement before action, like any good business partnership, or like the balance of power between the Senate and House. It creates a horizontal partnership between government and business from which each benefits. It has worked and is working well under the current Title VII of CETA. Indeed, those who may question whether government and business can work together need only look to the relationship between the PIC Chairs and CETA Directors in Region IX. Together, we long ago agreed to the basic terms of this partnership, which we communicated to you and your staff. *Consensus* between government and business must be the key ingredient in the system. This first challenge, then, is to establish a truly *co-equal* partnership and to eliminate provisions which would give either party an unfair advantage and upset this critical balance of power.

The second challenge is equally critical: to assign consistent levels of responsibility to the levels of government involved in the employment and training system. You now have before you the opportunity of a generation to make our employment and training system rational, accessible and useful to the private sector, and understandable to the people. It is fundamentally a challenge to establish a *logical partnership* between the federal, state, and local levels of government. Not surprisingly, it calls for the application of a deceptively simple private sector management principle to this unique social program. Let me explain.

CETA, Job Services, vocational education, and the Work Incentive Program have all been charged with poor management. The charge has some truth to it because the programs set up by Congress were multiple, uncoordinated responses to a single social problem. They were not established to comprehensively manage a unified, effective response to the problem. These four programs perform an identical function for our economy and our society: they provide for increased economic productivity and growth by providing jobs to unemployed persons.

But we have these four different programs that compete with each other for the attention of the private sector; four different delivery systems that confuse both the private sector and our clients; four different management structures that assign distinctly different management roles and responsibilities to the three levels of government. No wonder we are collectively charged with mismanagement!

My point is that if the three levels of government had the same responsibilities across all programs, then and only then could we manage an effective response to the social and economic problem that the programs were created to address. We know this is so; we are the local managers with day-to-day experience trying to manage the programs.

A good management structure will bring increased cost-effectiveness, since duplication will be eliminated.

A good management structure will bring increased private sector involvement, since the system will be understandable, accessible, responsive.

A good management structure will bring higher quality services to clients, since the system will be managed and manageable.

What should be the local role? Clearly, it should be to relate directly, with a co-equal voice, to the local business community and other groups. Together, they should have the authority and responsibility to plan for all employment and training programs in their area. They should have the responsibility to plan in coordination with contiguous labor market areas if this meets their labor market needs. The local private sector/local government partnership becomes, in a sense, the front-line manager for the system, with the same responsibilities across all programs. This is consistent with our proximity to the people, the problems, and the opportunities. The same rationale that leads to the devolution of federal authority to the states applies even moreso to devolution of this authority to local governments. After all, local jurisdictions are constitutional agents of the state precisely as the states are consitutional agents of the federal government.

Although we are leery and concerned about a State role in this system, and fear the establishment of another layer of bureaucracy, a legitimate State role in this governmental partnership could be forged around the establishment, at minimal administrative expense, of State policies and planning standards, and the provision of technical assistance, labor market information, and focused research and development--akin to middle-management responsibilities appropriate to the "one-step removed" distance that State governments necessarily find themselves. State-level Private Industry Councils should be established as co-equal partners with State government to reflect the local government-private sector partnership.

Finally, the federal government must honor its Constitutional obligation to "promote the general welfare." It should determine general policies, priorities, allocation formula, target populations, and performance and outcome measures for the system. Like the top management in a modern enterprise, it must also establish consistent roles for the levels of government--that is, establish the delivery system. Give the much-needed flexibility to local governments to determine the services for the programs; eliminate much of the proscriptive and procedural language that exists in all of the bills. But it would be a grave error for the federal government to fail to define in the statute the roles and general responsibilities of the three levels of government, just as you must establish the relationship between the government and the private sector.

The pay-offs to legislation that addresses these two challenges would be tremendous. It would include, not exclude, all parties with a legitimate interest. It would be a political win-win situation that also makes for good governance.

It would build a full partnership between the historical, constitutional levels of governance of our nation, and between government and business.

It would build the capacity at all three levels of government for doing what each is best equipped to do--given its relative distance from the people, the problems, and the opportunities.

Its development and successes would be shared equally by the public and private sectors.

It would create a permanent structure worthy of being permanently authorized, one that could readily absorb any new or restructured programs in the future.

It would provide a productive focus for the New Federalism, for which this bill is the first and undoubtedly trend-setting test.

It is simple. It is logical. And it is needed--now.

The success of our new system must be viewed in the context of economic conditions and level of resources. Still, a judicious, thoughtful combination of the many bills before you would significantly increase our chances for success. The one hundred CETA directors and Private Industry Council Chairs in Region IX have the working relationships and the expertise to fulfill our joint responsibilities to our nation's economic future and to our nation's unemployed. But we need your help. We therefore respectfully but urgently ask that you meet these two challenges--to establish a locally-based, co-equal business-government partnership; and to assign us consistent responsibilities across all programs.

Thank you.

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LEE SHERMAN DREYFUS

Telephone Number
(608) 266-1212

March 30, 1982

The Honorable Dan Quayle
United States Senate
Committee on Labor and Human Resources
Subcommittee on Employment and Productivity
Washington, D.C. 20510

Dear Senator Quayle:

Thank you for the opportunity to submit written testimony for the official record on employment and training policy issues.

The expiration of CETA in September provides an opportunity for a needed restructuring of the nation's employment and training efforts. This should be based upon principles that clearly recognize the states as the units of government most capable of overseeing a structure which enhances the coordination of local government efforts with education, labor market information, labor exchange, vocational education and vocational rehabilitation. These principles are:

1. The present program of categorical grants to prime sponsors should be replaced with a permanently authorized block grant to each State for employment preparation and training.

2. Because a state-local partnership in employment and training is desirable, it is appropriate that legislation contain assurances that a substantial fraction of the dollars will be made available to localities on the basis of need. At the same time the legislation must assure the Governor the opportunity to establish statewide focuses of policy, to reflect statewide need.

3. Responsibility for statewide policy planning, audit, and evaluation, to assure effective and legal expenditure of funds, must clearly rest with the State.

4. Legislation must assure full and effective participation in program planning by the private sector. At the same time fiduciary responsibility for public funds must run to public bodies, and these public administrative units must clearly have the authority necessary to be held accountable for fiscal administration.

5. States bear general responsibility for education. The federal role in employment and training is to assure appropriate operation of a second chance system. Consequently, eligibility standards for adults must exist to assure that the most in need--rather than the easiest

to place--are served, and that the central purpose of the funding is not shifted to become a general education or economic development subsidy. Notwithstanding this, the States should be able to target funds within the groups federally specified as most in need, so that limited resources can be most effectively brought to bear on State needs.

6. The federal government's role should be limited to national programs, resource allocation, program performance measurement standards, monitoring states' performance and compliance, and maintaining a national incentive/sanction system for the states.

Of the four major employment and training bills before your committee now, the Administration bill and the Quayle bill come closest to realizing these principles. Amendment 's needed to either, however, in order to incorporate all the needed features. I will comment on the details of the legislation below, under subheadings which reflect each of the six principles I have described.

BLOCK GRANTS

An effective block grant program should provide both for program oversight by the Governor and distribution of funds to local or regional units for detailed program planning and operation. The Governor should be empowered to issue planning guidelines which implement a co-ordinated statewide attack on employment and training problems of particular significance for that state. This focus is present in the Administration bill, but missing from the Quayle bill. A statewide advisory council should be mandated, with membership and chair chosen by the Governor.

The state block grant concept provides for maximum flexibility and discretion, leading to the development of more effective programs for those lacking basic skills and a permanent labor market attachment. The potential for more effective service is greater through a state and locally developed system than through a system designed and mandated from the federal level. The Hawkins bill essentially retains the current prime sponsor system which continues the federal-local government relationship, without a policy making role for the state or Governor. Consequently I do not support that bill.

ASSURANCES OF A STATE-LOCAL PARTNERSHIP

Because there is little acceptance of local responsibility without local participation, and because locally run programs are often better able to reach people in need, there should be guarantees of continued vital participation by local areas. Within the block grant there should be a presumption that CEP's and currently successful local jurisdictions (including consortia) of 250,000 persons or more could continue, at their option, to plan and administer programs at the local level within gubernatorially issued guidelines. A substantial majority of the state's funds for local program delivery should be made available in a manner related to the economy and population of the sub-state areas, so that autonomous sub-state areas could be assured of the availability of resources to meet locally specific needs. The remaining funds earmarked for local program delivery should be allocable to areas by the Governor to implement coordinated statewide policy emphases. The Governor should have the opportunity to provide for statewide contracting for services which cannot easily be provided by individual jurisdictions, such as services for offenders and placement for the handicapped.

APPROPRIATE DEVELOPMENT OF STATE AND LOCAL ROLES

As the Quayle bill is currently worded, little opportunity exists for the Governor to influence planning at the local level in advance. Although the State must approve local plans, the approval is after the fact; disapproval would be politically costly and confrontational. Conversely, the Administration bill can be interpreted to call for actual State operation of local programs. A better approach than either of these would be to provide for the Governor to issue general planning guidelines and to establish performance measures with detailed planning and program selection carried out by autonomous sub-state areas and the balance of state. Gubernatorial review of plans and performance could then be based on clearly established and well disseminated principles. Appeal of Gubernatorial decisions should be to the courts, not to the Secretary of Labor, and standards for appeal should be established.

PRIVATE SECTOR PARTICIPATION

The employment opportunities are overwhelmingly in the private sector; therefore increased participation and "ownership" by the private sector in employment and training programs is essential. However, it would be questionable public policy to allow the private sector to have independent control and use of public funds. To avoid potential problems of fiduciary accountability the Public Sector must be held accountable for the use of public funds. The Public/Private partnership that is necessary for evolving effective training requires both sectors having appropriate decision-making authority in program planning and operations.

All bills recognize the importance of the private sector's participation in the planning and decision-making process; however, except for the Administration's bill, all bills are overly prescriptive on advisory body structural and membership requirements. The primary link with the private sector will be through these structures, and the governors should have the flexibility to structure the advisory bodies in a way that allows for maximum Public/Private partnerships.

Therefore, the governors should have the power to determine the general composition of public/private councils. The specific membership of planning councils for autonomous sub-state areas should be appointed by the relevant local elected officials, subject to confirmation by the Governor. The substance and form of the partnership between the private and public sectors should be defined and agreed to at the state and local level, not imposed from Washington.

Legislation should authorize temporary subsidy of specific private sector placement training costs where this approach will facilitate long term placement.

ELIGIBILITY STANDARDS

Public resources for employment and training programs will continue to be extremely limited for the foreseeable future. Therefore, resources should be concentrated on those activities which lead to permanent labor market attachments by those individuals who are or will most likely become dependent on public support. This requires that adult training programs lead directly to long term placements in the private sector and not serve as income maintenance programs. Youth program successes should be measured by participants' acquisition of reasonably marketable competencies for self-sufficient employment. These performance standards should be mutually identified and agreed upon by the State and local areas. Youth programs should not be measured by "entered employment" alone, since return to school may be the most important outcome for an unemployed school dropout.

The bill should permit services to be delivered to income eligible persons 16 and over, and should require that half the funds be expended to serve persons between the ages of 16 and 24, as the Quayle bill does. The Governor should be permitted, however, to identify program focuses within the eligible populations in order to respond to statewide needs. The State should be able to establish its own income level eligibility standards for program participants.

WAGNER-PEYSER CHANGES

Lastly, all bills provide for amendments to other federal statutes, primarily repealing the advisory councils requirements under the Wagner-Peyser Act and the Social Security Act. None of the amendments change the Wagner-Peyser Act's authority and procedure by which 97 percent of the basic Employment Service funding is derived from the employers tax (FUTA). I propose that a more significant Wagner-Peyser amendment be added to the Administration's bill. This amendment would incorporate changes in the funding mechanism for the Employment Security System as being proposed by the State of Oregon. (See attachment)

In summary, in my opinion governors are not satisfied with the current constraints on authority and responsibilities for the states in employment and training programs. Of the four major employment and training bills now in the legislative process, the Administration's bill "Job Training Act of 1982" and the Quayle bill go farthest to realize the principles incorporated here. What we need is an appropriately amended bill which incorporates strengths from each, which does not by-pass the states and which allows for the state and local governmental units to redevelop a working relationship within the federal principle.

Sincerely,

Lee Sherman Dreyfus

Lee Sherman Dreyfus
GOVERNOR

LSD/dpa

Attachment

cc: Wisconsin Congressional Delegation
Lowell B. Jackson
Cyrena Pondrom

אגודת ישראל
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OF AMERICA
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TESTIMONY OF RABBI MENACHEM LUBINSKY
DIRECTOR OF GOVERNMENT AND PUBLIC AFFAIRS OF AGUDATH ISRAEL OF AMERICA
SUBMITTED TO U:S. SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES SUBCOMMITEE ON EMPLOYMENT AND PRODUCTIVITY AND U.S. CONGRESS SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

MARCH 31, 1982

Agudath Israel of America welcomes the opportunity to comment on the various proposals currently before the Congress that would provide job training and employment opportunities for our nation's unemployed.

Agudath Israel of America, a 60 year old movement, is the broadest based ethnic Jewish movement in the nation. Its constituency consists of grassroots Orthodox Jews from all walks of life. Its services encompass every area of human endeavor, serving people of every age level and every background. Its network includes active chapters and affiliates in 31 states. From its national headquarters in New York, Agudath Israel sponsors 20 divisions of service in the areas of education, religion, children's welfare and social action.

In 1975, the organization established Project COPE (Career Opportunities and Preparation for Employment) to serve the growing number of unemployed in the community. Since that time, through a network of field offices and satellites in New York, Project COPE served nearly 40,000 people, nearly a quarter of them newly arrived Russian immigrants. COPE designed special programs for the newcomers, activities for older workers and a special effort for displaced homemakers. Project COPE testified on two previous occasions before this committee

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DIVISIONS: National Youth Commission: Zeirei Agudath Israel, Bnos Agudath Israel, Pirchei Agudath Israel, Bachurei Agudath Israel/Agudist Women's Organization: N'shei Agudath Israel/Camp Agudah/Camp Bnos/ The Jewish Observer/Dos Yiddishe Vort/Commission on Legislation and Civic Action/Commission on Israel/ Commission on Overseas Rescue and Relief/Commission on Social Services/Commission on Senior Citizens/ Project COPE (Career Opportunities and Preparation for Employment)/COPE Vocational Institute/Commission on Latin American Jewry/National Commission on Jewish Ethnic Affairs (Judaiscope, Southern Brooklyn Community Organization/ Commission on Branch Service and Development/ Commission on Adult Torah Education: Daf Yomi/ Jewish Education Program (JEP)/Torah Education Network (Reshet Shiurei Torah)/Torah Action Program (TAP) /Project RISE (Russian Immigrant Services and Education) /Russian Immigrant Rescue Fund/Project YAD for Russian Jewry/Agudist Benevolent Society/Chevra Oseh Chesed

when the Congress was debating the reauthorization of the Comprehensive Employment and Training Act.

We have had an opportunity to review some of the proposals now pending before the Congress, including the original Quayle-Kennedy initiative (S. 2036), the most recent Administration submission (S.2184)and the CETA replacement bill (H.R. 5461), as well as the Hawkins proposal (H.R. 5320) introduced by Representative James Jeffords. The following is an outline of some of our concerns:

1) We believe that the Community Based Organizations should play an important role in the delivery of job training activities. From our own experience, CBO's have a unique rapport with the people who will be served under the new legislation and are thus in the best position to help the unemployed overcome barriers to employment.

The CBO is the nucleus of an orbit which revolves not only around clients, but also around business. It is, therefore, important that while some of the emphasis is shifted to the Private Industry Council, which is important, the CBO must continue to play a strong role. A significant number of small and middle size businesses have strong allegiances to the CBO. In our own model, thousands of Agudath Israel members, involved in business of all sizes, have in the past been immensely helpful in providing jobs. We believe that the CBO's can complement the new emphasis on business by working with those concerns that are close to their organization and by simultaneously working with the PIC's to encourage greater involvement by business.

Experience has shown that prime sponsors were best able to respond to the concerns of CBO's. Because of their knowledge of communities, they were best able to design service delivery systems which met the objectives of job training programs. We urge the continuation of a strong and pivotal role of the prime sponsors for the benefit of properly serving our nation's unemployed.

2) Stipends are essential for people who need some form of assistance during the training period. Even if the stipend covers basic living expenses, it will encourage chronically unemployed people to seek job training. We do, however, believe that if a choice has to be made between funds for stipends and funds for training and other related functions, that stipends should continue at a reduced level.

3) We have expressed on occasion our deepest concern over the definition poverty. By calculating the lower living standard income level as 60% of the U.S. median income level for families and unrelated individuals, we fear that many groups would unjustly be denied service. For example, Orthodox Jews living in the Northeast face dramatically higher living costs than Americans of other persuasions living in other parts of the country. The cost for kosher food and tuition for private schools which are essential for observant Jews range between 25-30% higher than others. Thus, a significant number of people with large families who are faced with unique cultural, ethnic and geographical costs would be denied service because of the inaccuracy of the definition.

4) Targeting the bill towards recipients of AFDC encourages many people to seek the public assistance. For example, in our experience, thousands of immigrants may be eligible for AFDC but because they seek relief from training programs first are actually being told that unless they are on AFDC, they would not be able to benefit from the program. We would suggest that the bill consider people who would be eligible for AFDC but who may not necessarily yet be on public assistance.

5) Our experience has demonstrated that only the comprehensive training approach can deliver the best results. In New York City the prime sponsor has over the years come to recognize the benefits of providing the full gamut of services so that long term employment is assured. We are concerned that under the proposed PIC relationship the training and the support services will become

so fragmented by various entities that in the end the clients will not receive the full benefit of being counseled, guided, trained and placed properly.

We suggest that the bill clearly requires states to mandate comprehensive services to all the unemployed so that a revolving door employment system is not put into place. At the same time, we feel that it is extremely important to afford program operators the flexibility to design programs that best suit their clientele. In our experience, those activities which enabled the project sponsor to tailor-make a program for their clients featured the best results. For example, requiring an unemployed person to go through on-job-training, when, in fact, what is required is classroom training, can only be counterproductive.

6) The CETA replacement effort must include provisions for the states to continue efforts for special groups, such as displaced homemakers, older workers and people with language barriers. These people, who are already disadvantaged, should be exempt from eligibility requirements.

Our philosophy in serving thousands of people has always been that the bottom line in job training activities must be placement. Thus, training must consider the availability of the job. Similarly, other support activities, such as counseling, must be fully consonant with the realities of the job market. The involvement of PIC's and the business community was a welcome addition to fulfilling those goals. But job training activities can only work if there is a full partnership between all segments. Both prime sponsors and PIC's are necessary for successful employment programs. Both business and community based organizations must team up to deliver the jobs and to match clients for the jobs that are available. This is especially true with a severely restricted budget.

Thank you.

INDEPENDENT ELECTRICAL CONTRACTORS INC.
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STATEMENT OF
THE INDEPENDENT ELECTRICAL CONTRACTORS, INC. (IEC)
BEFORE THE
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
REGARDING
EMPLOYMENT AND TRAINING POLICY

The Independent Electrical Contractors (IEC) is a nationwide trade association of electrical contractors with 25 local chapters and over 500 contractor members. IEC has been in existence for over 25 years, and the main focus of its programs has been the training of employees, the advancement of sound business practices, and the promotion of management rights within the construction industry. IEC is grateful for the opportunity to present its views on the nation's employment and training programs before these committees, and will try to address the major concerns of members not only of its association but of the construction industry at large.

While current statistics (as of February, 1982) indicate that unemployment in the construction industry is nearly double the national rate of 9%, there still remain certain skilled craft shortages within the industry. For instance, the Department of Labor's statistics indicate a need for nearly 17% more skilled electricians over the next ten years than are currently in the work force. It is the desire of IEC not only to identify and train enough workers to fill these positions, but also, if possible, to make an impact on the current unemployment problem in the country. It is with a firm understanding of the need for the business community in the United States to take a leadership role in providing employment for the traditionally hard-core unemployed that IEC would like to present its views on the nation's

EMPLOYMENT AND TRAINING PROGRAMS.

1) IEC BACKGROUND IN TRAINING PROGRAMS.

THE INDEPENDENT ELECTRICAL CONTRACTORS HAS SPENT NEARLY A QUARTER OF A CENTURY IN THE FIELD OF TRAINING SKILLED CRAFTS PERSONS FOR THE ELECTRICAL INDUSTRY. FOR THE LAST DECADE, IEC HAS SPONSORED A FEDERALLY APPROVED APPRENTICESHIP PROGRAM FOR ELECTRICIANS. IT IS THIS TYPE OF TRAINING THAT IS THE MAIN REASON FOR IEC'S EXISTENCE, AND IS ALSO THE BASIS FOR OUR CONCERN OVER THE OVER-ALL PROGRAMS FOR EMPLOYMENT AND TRAINING AT THE NATIONAL LEVEL.

THE CURRENT COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA) PROGRAMS THAT HAVE BEEN IN EXISTENCE SINCE 1973 HAVE FAILED, IN IEC'S OPINION, TO MEET THE NEEDS OF THE NATION'S UNEMPLOYMENT PROBLEMS. IEC CAN SPEAK WITH AUTHORITY ON THE FAILURE OF CERTAIN CETA PROGRAMS BECAUSE IEC WAS INVOLVED WITH SEVERAL GRANTS UNDER THE OLD CETA SYSTEM. IEC FEELS THAT THE IMPACT OF THESE FUNDS WAS SEVERELY DILUTED BECAUSE OF THE UNNECESSARY AND BURDENSOME REGULATIONS AND AUDITING PROCEDURES THAT WERE IMPOSED UPON THE ADMINISTRATORS OF THE PROGRAM. WE HAVE FOUND, THROUGH OUR DEALINGS WITH OTHER PROGRAMS AND ORGANIZATIONS UNDER THE OLD CETA SYSTEM, THAT THIS WAS THE RULE RATHER THAN THE EXCEPTION. IEC BELIEVES THAT THE LEGISLATION CURRENTLY PRESENTED BY THE HOUSE AND SENATE FOR CONSIDERATION TO BECOME THE NATION'S NEW EMPLOYMENT AND TRAINING PROGRAM PROVIDES THE BEST OPPORTUNITY IN RECENT YEARS FOR THOSE PEOPLE IN THE ECONOMY TARGETED BY THIS LEGISLATION TO BECOME PRODUCTIVE, FULL-TIME MEMBERS OF THE WORK FORCE.

2) THE INVOLVEMENT OF THE BUSINESS COMMUNITY IN EMPLOYMENT AND TRAINING.

PART OF THE MOST IMPORTANT CRITERIA FOR PUTTING OUR NATION'S HARD-CORE UNEMPLOYED BACK TO WORK IS THE INVOLVEMENT OF THE BUSINESS COMMUNITY. UNTIL THIS TIME THERE HAS BEEN LIMITED INCENTIVE FOR THE BUSINESS COMMUNITY TO BECOME INVOLVED IN TRAINING PROGRAMS. UNDER THE OLD CETA PROGRAM, THERE WAS A PREVAILING OPINION THAT THE PROGRAM WAS ANOTHER STEP IN THE SERIES OF GOVERNMENT-SPONSORED SUPPORT PROGRAMS FOR WELFARE RECIPIENTS AND UNEMPLOYED. WHETHER THIS OPINION WAS TRUE OR NOT IS SECONDARY TO THE FACT THAT IT STOPPED BUSINESSES FROM BECOMING INVOLVED IN THE CETA PROGRAMS.

TO SAY WITHOUT RESERVATION THAT THE BUSINESS COMMUNITY WILL BECOME INVOLVED IN A NEW EMPLOYMENT AND TRAINING PROGRAM, WHATEVER ITS STRUCTURE, IS PROBABLY AN OVERSTATEMENT. ALTHOUGH THE PREVAILING PHILOSOPHY IN WASHINGTON IN THE 1980'S IS ONE OF BUSINESS-GOVERNMENT PARTNERSHIP IN ALL AREAS OF THE ECONOMY, IT WILL STILL TAKE A REAL "SELLING JOB" FOR ALL BUSINESSES, BOTH SMALL AND LARGE, TO GET BACK INTO JOB TRAINING UNDER A GOVERNMENT PROGRAM. IT IS UNDERSTANDABLE, ESPECIALLY GIVEN THE ECONOMIC CONDITIONS OF THE EARLY 1980'S, THAT BUSINESSES WILL BE RELUCTANT TO SPEND MONEY ON TRAINING FOR JOBS THEY CANNOT BE SURE WILL BE THERE AT THE TIME THE TRAINEES ARE READY TO TAKE THESE JOBS. HOWEVER, BECAUSE OF THE OVERALL EMPHASIS ON THIS PROGRAM FOR GIVING NOT ONLY RESPONSIBILITY BUT ALSO AUTHORITY FOR THE SUCCESSFUL COMPLETION OF THESE PROGRAMS TO MEMBERS OF THE BUSINESS

COMMUNITY, IEC BELIEVES IT WILL, IN FACT, PROMOTE THE OVERALL ACCEPTANCE OF THESE PROGRAMS BY THE BUSINESS COMMUNITY AND THE GENERAL POPULATION.

IN THE ELECTRICAL CONTRACTING FIELD TRAINED MANPOWER IS NOT MERELY DESIRABLE, IT IS A NECESSITY. PEOPLE WITHOUT THE TECHNICAL SKILLS TO PERFORM THE HIGHLY INTRICATE WORK REQUIRED BY ELECTRICAL CONTRACTORS ARE OF LITTLE VALUE TO IEC MEMBERS, AND OTHER ELECTRICAL CONTRACTORS, OVER AN EXTENDED PERIOD OF TIME. THEREFORE, NOT ONLY REMEDIAL BUT ADVANCED TRAINING IN ELECTRICAL SKILLS ARE REQUIRED FOR PEOPLE IN OUR INDUSTRY TO BECOME PRODUCTIVE IN A LONG TERM JOB. IEC BELIEVES THAT THERE IS A VAST POOL OF EAGER, CAPABLE, AND DISPLACED WORKERS ALREADY IN THE MARKETPLACE AND LOOKING FOR PERMANENT POSITIONS. IT IS THESE PEOPLE WHO ARE OBVIOUSLY THE TARGET OF THE NEW LEGISLATION, AND THESE PEOPLE WHOM IEC BELIEVES WILL BE THE GREATEST BENEFICIARIES OF THE PROGRAM STRUCTURED THE WAY THEY ARE. IEC HAS SOME SPECIFIC VIEWS ON HOW THESE PEOPLE CAN BECOME PART OF THE LABOR MARKET AND WHICH PROGRAMS CURRENTLY BEFORE THE CONGRESS PROVIDE THE BEST OPPORTUNITIES FOR THESE PEOPLE TO ENTER THE JOB MARKET.

3) CURRENT ALTERNATIVES BEFORE THE CONGRESS.

A) S 2036 (QUAYLE-KENNEDY PROPOSAL).

IEC BELIEVES THAT S 2036, COSPONSORED BY SENATORS QUAYLE AND KENNEDY, INCORPORATES MANY OF THE POSITIVE ASPECTS OF A BUSINESS GOVERNMENT PARTNERSHIP THAT ARE NEEDED TO CREATE FULL-TIME JOBS FOR THE TARGETED WORKERS IN THIS PROGRAM. HOWEVER, IEC ALSO FEELS THAT THIS LEGISLATION DOES HAVE SOME DRAWBACKS WHICH WE WOULD LIKE TO SPECIFY AT THIS TIME. 1) IEC BELIEVES THAT THE QUAYLE-KENNEDY PROPOSAL KEEPS TOO MUCH OF THE CURRENT CETA DELIVERY SYSTEMS IN EFFECT. IF THESE DELIVERY SYSTEMS HAD ACTUALLY BEEN EFFECTIVE IN DOING THE JOB FOR WHICH THEY WERE SET UP, WE WOULD HAVE HAD MORE OF THE WORKERS TRAINED UNDER THE CETA PROGRAM IN THE JOB MARKET. IEC BELIEVES THAT A RE-EVALUATION AND RE-ESTABLISHMENT OF DELIVERY AREAS SHOULD BE SET UP. 2) IEC BELIEVES THAT THE QUAYLE-KENNEDY PROPOSAL IS OVERLY OPTIMISTIC IN ITS FINANCIAL OUTLOOK REGARDING THE AMOUNT OF FUNDS THAT WILL BE AVAILABLE FOR ANY SUCH PROGRAM GIVEN THE CURRENT ECONOMIC STRUCTURE. ALTHOUGH WE CERTAINLY WOULD SUPPORT ANY OPPORTUNITY FOR THE GOVERNMENT TO FUND EMPLOYMENT AND TRAINING AT THE HIGHEST POSSIBLE LEVEL, IEC DOES NOT BELIEVE WE CAN ASK CONGRESSMEN AND SENATORS TO PUT MONEY INTO WHAT IS, IN FACT, AN UNTRIED AND NEW PROGRAM. IEC WOULD PREFER TO SEE LESS MONEY SPENT ON A MORE SPECIFICALLY TARGETED SECTOR OF THE UNEMPLOYED, WITH CONCRETE RESULTS REQUIRED BEFORE MORE MONEY WILL BE APPROPRIATED AND SPENT. 3) THE STRUCTURE OF THE QUAYLE-KENNEDY PROPOSAL GRANTS FAR TOO MUCH AUTHORITY TO THE LOCAL PRIVATE INDUSTRY COUNCILS (PIC) WITHOUT HAVING SOME TYPE OF CONTROL AT THE STATE LEVEL. IEC BELIEVES THAT STATE CONTROL IS IMPORTANT IF WE ARE TO CHANGE THE CURRENT SYSTEM OF THE FEDERAL GOVERNMENT TRYING TO ADMINISTER AND COORDINATE PROGRAMS THROUGH NEARLY 50 THOUSAND DELIVERY GROUPS AND SUB-CONTRACTORS. THEREFORE IEC

WOULD SUPPORT THE ESTABLISHMENT OF STATE JOBS TRAINING COUNCILS, AS PROVIDED IN ADMINISTRATION'S BILL, WHO WOULD OVERSEE THE LOCAL PRIVATE INDUSTRY COUNCILS. 4) IEC SUPPORTS THE USE OF EXISTING PROGRAMS FOR THE DELIVERY OF THESE FUNDS IN TRAINING, BUT DOES NOT SUPPORT AUTOMATICALLY RECERTIFYING THE CURRENT CETA DELIVERY PROGRAMS. RATHER, IEC WOULD SUPPORT A PROGRAM THAT USED TRAINING PROGRAMS IN THE DIFFERENT INDUSTRIES THAT HAVE PROVEN THAT THEY WILL PROVIDE PERMANENT FULL-TIME EMPLOYMENT BUT WILL NOT USE FUNDS, GEARED TOWARD TRAINING, TO RE-ESTABLISH AN ADMINISTRATIVE PROCEDURE OR ESTABLISH A NEW ADMINISTRATIVE PROCEDURE. FOR EXAMPLE, IN THE ELECTRICAL CONTRACTING FIELD, THE KEY VEHICLE FOR PROVIDING SKILLED ELECTRICIANS TO THE JOB MARKET IS THE APPRENTICESHIP PROGRAM. IEC WOULD SUPPORT LEGISLATION THAT PROVIDES FOR SUCH PROGRAMS AS APPRENTICESHIP TRAINING TO BE USED AS THE DELIVERY VEHICLES, AND SPONSORS OF THE APPRENTICESHIP PROGRAMS TO BE GIVEN PRIME CONSIDERATION FOR BEING USED AS SPONSORS OF PROGRAMS UNDER THIS NEW LEGISLATION. 5) IEC FEELS THAT THE QUAYLE-KENNEDY BILL GOES TOO FAR IN PROVIDING STIPENDS AND OTHER SUPPORTING FINANCIAL AID TO RECIPIENTS UNDER THIS PROGRAM. IEC FEELS STRONGLY THAT ALL FUNDS EXPENDED, OR AT LEAST AS MUCH OF THE FUNDING AS POSSIBLE, SHOULD BE SPENT DIRECTLY ON THE TRAINING PROGRAMS.

B) THE HAWKINS' PROPOSAL (H.R. 5320).

1) IEC CANNOT, AND WILL NOT, SUPPORT ANY LEGISLATION SUCH AS CONGRESSMAN HAWKINS' BILL, THAT INCLUDES PROVISIONS FOR INCLUSION OF THE DAVIS-BACON ACT RESTRICTIONS ON WORKERS FUNDED

UNDER THAT PROGRAM. IT IS LUDICROUS TO THINK THAT THE GOVERNMENT WOULD SPEND AS MUCH AS 3 BILLION DOLLARS TAKING UNSKILLED, UNEMPLOYABLE PEOPLE, PUTTING THEM TO WORK ON CONSTRUCTION SITES, AND THEN FORCING CONTRACTORS TO PAY THEM TOP WAGES MERELY BECAUSE OF SOME OUTDATED AND USELESS LAW. THIS IS A WASTE OF THE GOVERNMENT'S MONEY, AND THE TAXPAYERS TIME AND MONEY. 2) THE HAWKINS' BILL, AGAIN, SEEMS TO BE OVERLY OPTIMISTIC ABOUT THE AMOUNTS OF MONEY AVAILABLE FOR TRAINING AT THIS TIME. WE REITERATE IEC'S POSITION THAT WE WOULD SUPPORT A WELL FUNDED EMPLOYMENT AND TRAINING PROGRAM, BUT WE CANNOT SUPPORT ANY PROGRAM THAT WOULD CAUSE UNDUE STRESS ON THE NATION'S BUDGET. 3) AS IN OTHER LEGISLATION, THE HAWKINS' BILL DOES NOT PROVIDE ENOUGH AUTHORITY, AND RESPONSIBILITY, TO THE STATES. IEC CONTINUES TO FEEL STATE CONTROL IS IMPORTANT BECAUSE IT IS NECESSARY TO HAVE THE STATES DETERMINE THE BEST USAGE OF THE FUNDS AND BE RESPONSIBLE FOR THE PROPER MANAGEMENT AND EFFECTIVENESS OF THE FUNDS. 4) NO REFERENCES TO UNION, ANTI-UNION, OR ANY OTHER TYPE OF LABOR MANAGEMENT RELATIONSHIPS SHOULD BE INCLUDED IN THE LEGISLATION. THERE ARE SO MANY OTHER ISSUES OF MORE IMPORTANCE THAN PROTECTING "TURF" UNDER THESE TRAINING PROGRAMS THAT IT IS LUDICROUS TO SPEND THE TIME AND MONEY NECESSARY TO ADMINISTER ALL OF THE DIFFERENT LABOR MANAGEMENT ISSUES THAT COULD CONCEIVABLY COME UP UNDER THIS PROGRAM. 5) THE HAWKINS' BILL PROVIDES FOR TOO MANY SUBSIDIES AND DIRECT PAYMENTS TO RECIPIENTS OF FUNDS UNDER THIS PROGRAM. 6) PERFORMANCE STANDARDS

UNDER THE HAWKINS' BILL ARE SET AT THE NATIONAL LEVEL AT THE DISCRETION OF THE SECRETARY OF LABOR. AS WE STATED IEC BELIEVES IT IS POSSIBLE FOR PEOPLE AT THE FEDERAL LEVEL TO ESTABLISH STANDARDS AND ADMINISTER PROGRAMS AT THE LOCAL LEVEL.

c) THE JEFFORDS' PROPOSAL, (H.R. 5461).

1) THE JEFFORDS' PROPOSAL PROVIDES FOR FINANCIAL ALLOWANCES AND STIPENDS. IEC CANNOT SUPPORT THIS. 2) THE JEFFORDS' PROPOSAL DOES LOOK FOR PRE-EMPLOYMENT TRAINING AS ONE AREA THAT IS NEEDED TO SPEND FUNDS. IEC DOES SUPPORT THIS PROGRAM. 3) AS IN OTHER PROGRAMS, THE JEFFORDS' PROPOSAL PUTS TOO MUCH EMPHASIS ON THE SECRETARY OF LABOR TO ESTABLISH STANDARDS AND EVALUATE PERFORMANCE AT THE FEDERAL LEVEL.

4) IEC RECOMMENDATIONS FOR LEGISLATION.

THE INDEPENDENT ELECTRICAL CONTRACTORS FEELS THAT IN THE FOUR MAJOR BILLS CURRENTLY BEFORE THE CONGRESS, THERE ARE ENOUGH POSITIVE ELEMENTS TO CREATE A WELL-ROUNDED, WELL-FUNDED, AND EFFECTIVE EMPLOYMENT AND TRAINING PROGRAM. THEREFORE, IEC WOULD LIKE TO SUPPORT THE FOLLOWING PORPOSALS, REGARDLESS OF WHAT FINAL FORM THEY TAKE AND UNDER WHAT TYPE OF SPONSORSHIP THEY ARE INTRODUCED. 1) IEC BELIEVES THAT NEW SPONSORS MUST BE APPROVED BY THE STATE BASED ON PERFORMANCE STANDARDS THAT ARE SET LOCALLY, AND THAT EXISTING CETA DELIVERY SYSTEMS SHOULD BE ASKED TO RE-APPLY IF THEY WISH TO BE CONTINUED UNDER THE NEW PROGRAMS. 2) IEC STRONGLY SUPPORTS PROVISIONS FOR STATE JOB TRAINING COUNCILS TO ACT ON BEHALF OF THE GOVERNOR

IN ADMINISTERING AND OVERSEEING OF THESE PROGRAMS. 3) IEC BELIEVES THAT THESE STATE COUNCILS SHOULD BE A MAJORITY BUSINESS DOMINATED, AND THAT THESE STATE COUNCILS SHOULD HAVE THE AUTHORITY TO PERFORM THE FUNCTIONS OF A STATE APPRENTICESHIP COUNCIL AS PROVIDED IN THE ADMINISTRATION'S BILL. 4) IEC WOULD SUPPORT MORE FUNDS BEING EXPENDED ON THE JOBS TRAINING PROGRAM IF THEY ARE AVAILABLE AND CAN BE APPROPRIATED WITHOUT HURTING OTHER PROGRAMS WITHIN THE FEDERAL BUDGET. 5) IEC STRONGLY BELIEVES THAT GOVERNORS, AND THE STATE COUNCILS, SHOULD BE IN CHARGE OF THESE PROGRAMS AND NOT INVOLVE THE STATE LEGISLATURE. 6) IEC SUPPORTS THE JOB TRAINING PROVISIONS IN THE ADMINISTRATION'S BILL, AND SUPPORTS THE USE OF THESE FUNDS TO PROVIDE ON-THE-JOB TRAINING. 7) IEC FEELS THAT THE LEGISLATION SHOULD BE PUT ON A LIMITED (FIVE YEARS, OR POSSIBLY LESS) BASIS SO THAT THE LEGISLATION CAN MORE EASILY BE CHANGED IF IT IS FOUND TO BE INEFFECTIVE OVER THE PERIOD OF THE LEGISLATION. 8) IEC SUPPORTS THE THEORY PUT FORWARD IN THE JEFFORDS' PROPOSAL TO USE AT LEAST SOME OF THE MONIES FOR PRE-EMPLOYMENT SKILLS TRAINING. WE FEEL THIS IS NECESSARY BECAUSE MANY PEOPLE COMING OUT OF THE SCHOOL SYSTEMS ARE UNABLE TO READ AND WRITE AT LEVELS NECESSARY TO ENTER CERTAIN TRAINING PROGRAMS (SPECIFICALLY IN THE ELECTRICAL AND OTHER CONSTRUCTION FIELDS). 9) IEC MOST STRONGLY SUPPORTS ANY LEGISLATION THAT WOULD INCLUDE APPRENTICESHIP TRAINING AS A RECOMMENDED VEHICLE FOR PROVIDING TRAINING TO PEOPLE UNDER

THIS ACT, AND FOR USE OF APPRENTICESHIP TRAINING IN THE PERFORMANCE STANDARDS OF ANY PROGRAM (TO IDENTIFY THOSE WORKERS WHO HAVE BEEN PLACED IN THE PERMANENT WORK FORCE).

5) CONCLUSIONS.

IEC WOULD LIKE TO REITERATE ITS DESIRE TO HELP THOSE FORMULATING THE NATION'S EMPLOYMENT AND TRAINING PROGRAMS IN ANY WAY POSSIBLE. OUR 25 YEARS OF EXPERIENCE IN TRAINING PEOPLE IN TECHNICAL FIELDS, AND IN TRYING TO MAKE AN IMPACT ON THE EMPLOYMENT IN THE UNITED STATES, IS A SYMBOL OF IEC'S WILLINGNESS TO SUPPORT ANY PROGRAM THAT WILL HELP SOLVE THE NATION'S ECONOMIC PROBLEMS. WHILE WE DO FEEL THAT THE ADMINISTRATION'S BILL (S 2184) AT THIS TIME MOST CLOSELY FOLLOWS IEC'S PHILOSOPHY, WE WOULD BE WILLING TO SUPPORT ANY LEGISLATION THAT ENCOMPASSES THE KEY POINTS WE HAVE OUTLINED ABOVE. WE THANK THE COMMITTEES FOR THE OPPORTUNITY TO PROVIDE THIS TESTIMONY AND AGAIN COMMEND THEM FOR THEIR EXCELLENT WORK TO THIS POINT. WE LOOK FORWARD TO WORKING WITH BOTH THE HOUSE AND SENATE COMMITTEES, AND THEIR STAFFS, AS THEY CONTINUE TO TRY TO MAKE AN IMPACT ON THE EMPLOYMENT PROBLEMS IN OUR COUNTRY.

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